THE NATIONAL ASSEMBLY FOR WALES:
AUDIT COMMITTEE

REPORT 01-02 - Presented to the National Assembly for Wales on 16th January 2002
in accordance with section 102(1) of the Government of Wales Act 1998

NHS WALES SUMMARISED ACCOUNTS, 1999-2000

CONTENTS Paragraph

Introduction

1. This report concerns the Committee's examination of the 1999-2000 summarised accounts of the National Health Service in Wales (NHS Wales). In 1999-2000, NHS Wales spent some £2.6 billion delivering health care services through five health authorities and 16 NHS trusts to the people of Wales.

2. The 1999-2000 accounts of the individual health authorities and NHS trusts in Wales, together with the 21 charitable 'Funds held on Trust' by NHS bodies in Wales, were audited by auditors appointed by the Audit Commission. These underlying accounts are made available to the public by each body but are not required to be laid before the Assembly. The three summarised accounts, prepared from the underlying accounts by the Assembly's NHS Directorate, serve to report the overall financial results of NHS Wales to the Assembly. These were audited by the Auditor General for Wales, who laid them[1] together with his report[2] before the Assembly. The Auditor General for Wales issued unqualified audit opinions on all three of the 1999-2000 summarised accounts.

3. On the basis of the report prepared by the Auditor General, we took evidence from Mrs Ann Lloyd, the Director of NHS Wales and Accounting Officer for the NHS (Wales) Summarised Accounts. Mrs Lloyd was accompanied by Mrs Sarah Beaver of the Assembly's NHS Finance Division and Mrs Jan Williams, the Chief Executive of Bro Taf Health Authority. A transcript of the evidence is at **Annex A**. We would like to thank all three witnesses for their full and helpful answers and the constructive way in which they responded to the Committee's questions.

4. In this report, we examine the performance of NHS Wales under four main headings:
   the overall financial health of NHS Wales;
   reconfiguration and restructuring;
   prescription pricing; and;
   tackling NHS fraud;

[1] *NHS (Wales) Summarised Accounts 1999-2000*, laid before the National Assembly for Wales on 29 March 2001
[2] Report by the Auditor General for Wales: *NHS (Wales) Summarised Accounts 1999-2000*, presented to the National Assembly for Wales on 29 March 2001

The overall financial health of NHS Wales

Financial forecasts and results for 1999-2000

5. The total net deficit of NHS Wales for 1999-2000 was £5.3 million (1998-99: £21.7 million deficit). This comprised a £10.2 million deficit reported by the NHS trusts, offset by a £4.9 million surplus for the five health authorities. As a consequence, the accumulated net income and expenditure deficit of NHS Wales at 31 March 2000 rose to total some £58 million[3].

6. In April 2000, the then Accounting Officer told this Committee that NHS Wales was then forecasting an overall in-year deficit of some £20 million for 1999-2000. However, the 1999-2000 audited summarised accounts of health authorities and NHS trusts in Wales record a net deficit of only £5.3 million[4]. We asked the Accounting Officer why her predecessor had made such an inaccurate forecast so near to the end of the financial year concerned. Mrs Lloyd told us that there had been a number of unquantifiable factors, including the impact of prescription pricing difficulties, which had meant that NHS Wales was unable to produce reliable forecasts for the 1999-2000 financial year[5]. The witness informed us that, whilst corrective action was in hand, these factors would also cause the forecasts for 2000-01 to be less accurate than the NHS Directorate would wish[6].

7. Mrs Lloyd outlined to us the measures that were being taken to improve the quality and timeliness of both expenditure and income forecasting from April 2002. These included the development of models, the implementation of monthly commitment control forecasting, the use of consistent forecasting methodology within NHS Wales and the need for more accurate and timely dialogue between the NHS Directorate and NHS Wales on the progress of Assembly-funded schemes[7].

8. Whilst we remain concerned that financial forecasts for 2001-02 are likely to contain considerable inaccuracy, we welcome these overdue steps to improve the quality of management information from 2002-03. **We recommend that the**

[3] AGW's Report, Executive Summary, paragraph 14
[4] AGW's Report, paragraph 4.5
[5] Qs 4 and 7
[6] Q4

NHS Directorate and NHS Wales should work together closely to ensure that these measures are fully tested and in place by 31 March 2002, to enable accurate financial forecasts to be made for the 2002-03 financial year and subsequent years.

9. We were concerned to note from the Auditor General's report that factors contributing to the changes in financial forecast for 1999-2000 included an under-spend of £7 million on General Medical Services, and an under-spend of £3.7 million on new initiatives and ring-fenced funding[8]. Mrs Lloyd explained to us that the underspending on General Medical Services and other initiatives had been deferred to 2000-2001 and had not been lost to NHS Wales[9]. However, we are deeply concerned that the inability of NHS Wales to forecast its expenditure and income accurately might have resulted in either the loss of health provision in 1999-2000, or that unspent monies allocated to the Health budget in that year could have been diverted elsewhere within the Assembly's programmes for the benefit of the people of Wales.

10. On the 1999-2000 underspend in general medical services, we noted the view of Mrs Williams that, historically, it has been difficult to engage general practitioners in the full utilisation of budgets for general medical services[10]. We therefore welcome the publication of the Assembly's consultation document on '*Improving Health in Wales - The Future of Primary Care*' in July 2001[11]. **We encourage the NHS Directorate to seek opportunities arising from the consultation process to find more effective ways of assisting the general practitioner community to provide a better quality and range of services at their practices and to make best use of the resources available**.

---

[8] AGW's Report, Table 5
[9] Q22
[10] Qs 20 and 29-30
[11] Published by the National Assembly for Wales on 16 July 2001

Supplier payment performance

11. All NHS bodies in Wales are required to comply with the CBI 'prompt payment' code and Government accounting requirements that all undisputed invoices should be paid within 30 days, unless other terms are agreed with the supplier[12]. We are concerned that, at an all-Wales level, the NHS paid only 76.8 per cent of bills within the 30-day period during 1999-2000, and in particular that there has been very little improvement in overall performance during the last three years[13]. We find it astonishing that the University Hospital of Wales and Llandough NHS Trust was only able to pay marginally more than 50 per cent of its invoices within 30 days[14].

12. In our report on the NHS (Wales) 1998-99 Summarised Accounts, we registered our serious concern at the performance achieved by health authorities and NHS trusts in Wales against the prompt payment target, and urged the NHS Directorate to take appropriate action to ensure that all NHS bodies complied with the CBI Supplier Payment Code of Practice[15]. **We are therefore deeply disappointed that only a marginal improvement in prompt payment performance was achieved in 1999-2000, and strongly urge the NHS Directorate to take action to ensure a significantly higher level of performance in the speed of invoice payment in future years. In this regard, we welcome Mrs Lloyd's proposal that supplier payment performance, particularly by NHS trusts, should become a formal performance criterion[16]. We intend to monitor progress closely in this regard.** We also noted Mrs Lloyd's view that the value of invoices paid is of equal importance as a performance measure[17]. However, we consider it to be essential that NHS Wales should not overlook those small independent companies which supply the health service with goods and services, but whose invoices may only be of low monetary value. We look to the NHS bodies to ensure that the pressure applied by the NHS Directorate to focus on the value of

[12] AGW's Report, paragraph 4.13
[13] AGW's Report, paragraph 4.14
[14] AGW's Report, paragraph 4.17
[15] Audit Committee Report: *NHS (Wales) Summarised Accounts 1998-99*, laid before the National Assembly for Wales on 13 July 2000
[16] Q33
[17] Qs 33-34

invoices paid does not have an unintended adverse impact on the cash-flows of smaller suppliers.

Achievement against performance targets and recovery plans

13. NHS trusts in Wales have a statutory target to 'break-even' over a rolling three-year period. However, we noted from the Auditor General's report that the NHS Directorate exceptionally gave approval to both Ceredigion and Mid Wales NHS Trust and Pembrokeshire and Derwen NHS Trust to extend their break-even period to five years[18]. Mrs Lloyd informed us that these extensions were not retrospective in nature, but rather formed part of the negotiated recovery plans of these two NHS trusts and were granted exceptionally to ensure that patient services could be sustained during the recovery period[19].

14. We noted from the Auditor General's report that, for the 1999-2000 financial year, the Audit Commission had expressed concerns over the financial standing of 12 NHS trusts, and had concluded that two of those trusts had no acceptable reasons for the absence of agreed recovery plans[20]. **However, we are encouraged by the positive action that has since been taken by the NHS Directorate to facilitate the recovery of NHS trusts in Wales.** We welcome Mrs Lloyd's assurance that all recovery plans, with the exception of North East Wales NHS Trust and the Gwent health authority area, have now been agreed and note her continuing concerns about the closure of a hospital ward within the Powys Healthcare NHS Trust[21]. **We urge the NHS Directorate to agree recovery plans for North East Wales NHS Trust and the Gwent health authority area as a matter of urgency**. **We intend to continue to monitor the progress of the financial recovery process within NHS Wales.**

[18] AGW's Report, paragraphs 4.11 & 4.12
[19] Qs 35 and 39
[20] AGW's Report, paragraph 4.22 and Figure 6
[21] Q40

Reconfiguration and restructuring of NHS Wales

15. The reconfiguration of NHS trusts in Wales on 1 April 1999 resulted in a decrease from 26 to 16 in the number of trusts. NHS Wales estimated at the time that this restructuring process would cost £10.6 million over seven years, but that by the fifth year annual recurrent savings of £6.9 million would be generated[22]. The Auditor General reported that at 31 March 2000 the net restructuring costs actually incurred totalled only £0.5 million, compared with the original estimate of £4.9 million. To date, gross costs have been lower than forecast and savings higher than forecast[23]. Mrs Lloyd told us that she did not intend to revise the original forecasts, so that performance against that yardstick could still be measured[24].

16. On 2 February 2001, the Assembly Minister for Health and Social Services unveiled '*Improving Health in Wales – A Plan for the NHS with its Partners'*. This Plan sets out to improve the quality and effectiveness of health care by refocusing services to meet the needs of patients and communities. Amongst the measures it includes are abolition of the five health authorities by April 2003 and a strengthening of the role of local health groups[25].

17. Given the considerable variance between the forecast of restructuring costs and savings and the actual performance to 31 March 2000, we have several concerns about this latest proposed restructuring:

    - whether the NHS Directorate will be able to manage this reconfiguration and restructuring effectively when the abilities of health bodies to forecast costs and savings accurately are so demonstrably poor[26];

    - the danger of an exodus of talented key staff from the health authorities in the months preceding their abolition in March 2003[27]; and

[22] AGW's Report, paragraphs 3.2-3.4 and Table 2
[23] AGW's Report, paragraphs 3.6-3.7 and Table 3
[24] Q50
[25] Laid before the National Assembly for Wales on 5 February 2001
[26] Q49
[27] Qs 12 and 63

- the risk that the NHS Directorate will be unable to identify accurately the full costs and savings of disbanding health authorities in Wales before their abolition[28].

18. We note Mrs Lloyd's assurance that the accuracy of forecasting of relocation and redundancy costs will improve as the detailed work on implementation is undertaken[29], and we will return to this subject at a later date. We also note Mrs Lloyd's comment that the NHS Directorate will try to ensure that redundancies will be kept to a minimum so that talented staff will not be lost to NHS Wales[30].

19. We recognise that, within the context of '*Improving Health in Wales',* the fundamental benefit of disbanding health authorities should be to provide, commission and secure local services in a local context by strengthening the powers of Local Health Groups. We therefore endorse Mrs Lloyd's view that restructuring is not solely an issue of cost savings[31]. We are, however, both surprised and concerned that that the NHS Directorate was unable to provide us with even a preliminary assessment of what the likely costs and savings would be as a result of disbanding the health authorities[32]. We are also concerned that the NHS Directorate had not considered revising the original forecast of costs and savings of implementing '*Improving Health in Wales*'[33]. **We consider that sound forecasting of the financial consequences of reorganisation is essential to an informed decision-taking process and to the NHS Directorate's ability to monitor implementation. We look to the NHS Directorate to identify the likely order of costs and to track these costs against the forecasts.**

Prescription pricing

20. Health Solutions Wales, part of the Bro Taf Health Authority (the Authority) is responsible for pricing the drugs and appliances dispensed by pharmacists and also for pricing the prescriptions and calculating the payments due to each pharmacist. In making these calculations, Health Solutions Wales deducts any

[28] Qs 56-62
[29] Q49
[30] Qs 49 and 63
[31] Qs 55-61
[32] Qs 56-57
[33] Q50

prescription charges collected by the pharmacist. This information is passed to the health authorities to enable them to make the appropriate payments to the pharmacists within their areas[34].

21. During 1999-2000, delays in pricing arose from shortages in the supply of generic drugs and, as a result, dispensing contractors were unable to rely on their normal suppliers and had to buy from other sources. (To ensure that contractors receive correct reimbursement, these items are priced differently from normal items and are referred to as 'Category D', which reimburses the actual amount paid rather than a predetermined average contained in the monthly Drug Tariff.) An unprecedented range of heavily prescribed drugs was added to 'Category D' during 1999-2000, which meant that:

    - Health Solutions Wales took significantly longer to process prescriptions that included 'Category D' drugs, since each item had to be considered and priced individually; and

    - consequential delays arose in the preparation of payment schedules by the Authority to enable health authorities to pay dispensing contractors and for local health groups to monitor drug expenditure[35].

22. We note from the Auditor General's report that, by 31 March 2000, a six-month backlog in the pricing of prescriptions had developed, because only prescriptions for the period April to September 1999 had been priced in full. Due to these difficulties, pharmacists received advance monthly payments from the health authorities for the dispensing of prescriptions, based on previous workload estimates enhanced by a one per cent uplift to cover increasing drug costs. The Auditor General reported the estimate of Assembly officials that these advances had resulted in overpayments to pharmacists of between £5 million and £6 million, and that it was the intention of the five health authorities to recover these sums during 2001-2002[36].

[34] AGW's report, paragraph 3.17, [35] AGW's Report, paragraphs 3.18-3.19
[36] AGW's Report, paragraph 3.21

23. Mrs Williams explained to us that dealing with the prescription pricing consequences arising from shortages in the supply of generic drugs had been an unprecedented issue, and a solution had not been within the gift of either Health Solutions Wales or the Assembly. Instead, the problem required resolution at an England and Wales level with the Department of Health and the Pharmaceutical Services Negotiating Committee, and this process took longer than originally anticipated. Mrs Williams also explained that it had not been possible for Health Solutions Wales to take on vast numbers of additional staff to clear the backlog. This was in part because of the cost, but also because under the processing system in operation at that time, it would have taken six months to train each new pricer[37].

24. **We acknowledge the strenuous efforts made by Health Solutions Wales in dealing with the backlog arising from the increase in Category D drugs dispensed by Pharmacists during 1999-2000, and note Mrs Williams' assurance that Health Solutions Wales will be back on target for processing prescriptions by November 2001[38].**

25. On the issue of recovery of overpayments to pharmacists, we welcome Mrs Williams' assurance that overpayments will be recovered in full, but are concerned to note that recoveries will slip to 2002-2003[39]. **We urge the NHS Directorate to work closely with Health Solutions Wales and the health authorities to ensure full recovery of the overpayments at the earliest opportunity, so that these funds can be channelled back into patient care.**

26. The Auditor General's report *'Maximising Income from Prescription Charges'* estimated that some £15 million income a year may be foregone as a result of allowing exemptions from prescription charges to individuals who did not met the relevant criteria[40]. We are therefore pleased to note the positive steps that Health Solutions Wales had taken to improve its monitoring systems and to alert staff to area where income was being lost. We also note that the five health authorities had been working closely with the Assembly to maximise income from prescription charges. We were told that reductions in the loss of income should

[37] Q65
[38] Q69
[39] Qs 68-70
[40] AGW's Report, paragraph 3.26

become apparent by the end of the 2001-02 financial year, and we intend to return to this issue at a future date[41]. **We look to Health Solutions Wales, working in partnership with the 5 health authorities and the Assembly, to improve prescription income monitoring and to reduce significantly the income foregone as a result of allowing inappropriate exemptions.**

Tackling NHS fraud

27. In April 2000, the Assembly announced that it was to become a partner with the Directorate of Counter Fraud Services in England in a major initiative to combat fraud within the NHS. We note that the Counter Fraud Operational Service (Wales) Team was established in April 2001 and, having completed its training, is now fully operational[42].

28. In responding to our questions on the financial management of NHS Wales, Mrs Lloyd commented that "it has been difficult to be stern about cash management and income and expenditure management"[43]. We are concerned that this relaxed attitude, if commonplace amongst health service managers, creates a culture in which fraud is unlikely to be detected. **However, we agree with Mrs Lloyd's contention that responsibility for the identification and countering of fraud rests with all NHS staff, and not just those working in hospital accounts departments[44]. We therefore urge the NHS Directorate to work closely with the Counter Fraud Operational Service (Wales) Team to ensure that all staff within NHS Wales are fully aware of their responsibilities in tackling fraud.**

[41] Qs 71-72
[42] Q73
[43] Q4
[44] Q83

Summary of conclusions and recommendations

29. In the light of our findings, we make the following conclusions and recommendations:

On the overall financial performance of NHS Wales

(i) It is vital that NHS Wales is able to take advantage of all available resources, and use them to maximum effect for the provision of a high quality health service for the people of Wales. Given the poor state of the existing financial forecasting and management information systems, we do not consider that this is possible at present. We therefore urge the NHS Directorate to take all necessary steps to ensure timely and accurate forecasting of expenditure and income within NHS Wales, in order to manage its budgets more effectively and maximise the volume of health care provided;

(ii) We recognise that historically it has been difficult for the NHS Directorate to engage general practitioners in projects such as improving the quality and range of general medical services. We recommend that, within the framework set out in the Assembly's July 2001 consultation document '*Improving Health in Wales - The Future of Primary Care*', the NHS Directorate should seek opportunities to assist the general practitioner community in providing a wider range of high quality services at their practices;

(iii) We are deeply disappointed at the only marginal improvement in prompt payment performance in 1999-2000, and urge the NHS Directorate to take appropriate and urgent action to ensure a significantly higher level of payment performance for at least the final quarter of the 2001-02 financial year;

(iv) We endorse the NHS Directorate's decision to make payment performance a managed performance measure. However, whilst we recognise the additional benefits of measuring payment performance by the value of invoices paid within 30 days, we recommend that the over-riding performance measure should remain the volume of invoices paid within 30 days;

(v) Whilst we recognise the exceptional circumstances which led to the break-even period for two NHS trusts being extended from three to five years

as part of the recovery plan process, we would not normally endorse such retrospective extensions to the statutory break-even period as this represents in our view a considerable weakening of the financial control regime of NHS Wales;

(vi) We welcome the positive action being taken by the NHS Directorate to ensure the recovery of NHS trusts in Wales, but urge the NHS Directorate to agree recovery plans for North east Wales NHS Trust and the Gwent health authority area as a matter of urgency. The Committee will continue to monitor closely the recovery process within NHS Wales.

On the reconfiguration and restructuring of NHS Wales

(vii) On the management of the reconfiguration and restructuring of NHS Wales, we strongly recommend that:

- the framework of management, oversight and accountability should be clear and straightforward, with a clear focus on delivering improvements in the operational effectiveness of NHS Wales;
- there should be strong and effective corporate governance, using the collective skills of NHS Wales to provide oversight and control;
- the restructuring should proceed on the basis of a full understanding of all costs, and that forecasts of restructuring costs and savings should be revised as the changes highlighted in *'Improving Health in Wales'* are worked through;
- the NHS Directorate should develop contingency plans and also set aside tightly-controlled financial provisions to deal with unforeseen events;
- all expenditure commitments made during the restructuring process should be tracked and recorded centrally, in order that the Assembly can identify fully and quickly the total level of commitments and liabilities incurred; and
- the financial costs of restructuring NHS Wales should be reported to the Assembly clearly, accurately and on a timely basis.

(viii) We endorse the need for the NHS Directorate to work closely with health authorities in Wales to ensure that talented staff are not lost from NHS Wales as a result of the restructuring arising from the implementation of '*Improving Health in Wales'*. We also urge the NHS Directorate to continue to strive to ensure that redundancies resulting from the proposed disbanding of health authorities in Wales are kept to an absolute minimum.

On prescription pricing

(ix) We are concerned that final recovery of the overpayments made to pharmacists is likely to slip to 2002-2003. Whilst we recognise the potential impact of such recoveries on the cash flows of each pharmacy businesses, we urge the NHS Directorate to work closely with Health Solutions Wales and the five health authorities to ensure full recovery of the overpayments at the earliest opportunity, so that these funds can be channelled back into patient care;

(x) We look to Health Solutions Wales, working in partnership with the 5 health authorities and the Assembly, to improve prescription income monitoring and to reduce significantly the income foregone as a result of allowing inappropriate exemptions. We intend to return to this issue at a future date.

On tackling NHS fraud

(xi) We are pleased to note that the Counter Fraud Operational Service (Wales) Team is now fully operational, and await with interest early indications of the financial impact that the Team is making in targeting fraud within NHS Wales;

(xii) We urge the NHS Directorate to work closely with the Counter Fraud Operational Service (Wales) Team to ensure that all staff within NHS Wales understand the nature of and are fully aware of their responsibilities in identifying and countering fraud.

Concluding Comments

30. *'Improving Health in Wales– A Plan for the NHS with its Partners'* sets out the Assembly's programme of action for improving the health and health care of the people of Wales over the next 10 years. To ensure its successful implementation, we urge the NHS Directorate to strengthen the levels of both financial and project management skills within NHS Wales.

31. We acknowledge that NHS Wales is making good progress in addressing poor financial performance. However, much remains to be done. We therefore urge the NHS Directorate to address the substantial accumulated deficit of NHS Wales (£58 million at 31 March 2000), to consider carefully our recommendations on managing abolition of the health authorities, and to continue to seek to reduce the level of fraud within NHS Wales. It is crucial that NHS Wales is able to take full advantage of all available resources and use these to maximum effect for the provision of a high quality health service for the people of Wales.

ANNEX A

Cynulliad Cenedlaethol Cymru
Pwyllgor Archwilio

The National Assembly for Wales
Audit Committee

Cyfrifon Cryno y GIG (Cymru) 1999-2000
The NHS (Wales) Summarised Accounts 1999-2000

Cwestiynau 1-85
Questions 1-85

Dydd Iau 28 Mehefin 2001
Thursday 28 June 2001

Aelodau o'r Cynulliad yn bresennol: Janet Davies (Cadeirydd), Lorraine Barrett, Alun Cairns, Jocelyn Davies, Alison Halford, Dafydd Wigley.

Swyddogion yn bresennol: Lew Hughes, Swyddfa Archwilio Genedlaethol Cymru; Dave Powell, Swyddog Cydymffurfio Cynulliad Cenedlaethol Cymru; Ian Summers, Swyddfa Archwilio Genedlaethol Cymru; Karen Taylor, Swyddfa Archwilio Genedlaethol Cymru.

Tystion: Ann Lloyd, Cyfarwyddwr NHS Cymru; Sarah Beaver, Pennaeth Is-adran Cyllid yr NHS, Cynulliad Cenedlaethol Cymru; Jan Williams, Prif Weithredwr, Awdurdod Iechyd Bro Taf.

Assembly Members present: Janet Davies (Chair), Lorraine Barrett, Alun Cairns, Jocelyn Davies, Alison Halford, Dafydd Wigley.

Officials present: Lew Hughes, National Audit Office Wales; Dave Powell, Compliance Officer of the National Assembly for Wales; Ian Summers, National Audit Office Wales; Karen Taylor, National Audit Office Wales;

Witnesses: Ann Lloyd, Director of NHS Wales; Sarah Beaver, Head of NHS Finance Division, National Assembly for Wales; Jan Williams, Chief Executive, Bro Taf Health Authority.

Dechreuodd y cyfarfod am 2.00 p.m.
The meeting began at 2.00 p.m.

[1] Janet Davies: Good afternoon. I will first of all go through the apologies and substitutions, of which there are several on our side. Sir John Bourn sends his apologies. I understand that he is in New York attending his last meeting as Chairman of the United Nations Board of Auditors. Lew Hughes from the National Audit Office is representing him. Would you like to say anything, Lew?

[1] Janet Davies: Prynhawn da. Yn gyntaf oll af drwy'r ymddiheuriadau a'r dirprwyadau, y ceir nifer ohonynt ar ein hochr ni. Mae Syr John Bourn yn anfon ei ymddiheuriadau. Deallaf ei fod yn Efrog Newydd yn ei gyfarfod olaf fel cadeirydd Bwrdd Archwilwyr y Cenhedloedd Unedig. Mae Lew Hughes o'r Swyddfa Archwilio Genedlaethol yn ei gynrychioli. A hoffech ddweud rhywbeth, Lew?

Mr Hughes: Sir John sends his apologies. He was free for the originally scheduled date of this meeting, 7 June. However, the meeting had to be rescheduled because of the general election. This meeting clashes with his last meeting as Chair of the United Nations Board of Auditors. He has to sign the accounts and process them in front of the United Nations General Assembly today and tomorrow in New York. It is his last act

Mr Hughes: Mae Syr John yn anfon ei ymddiheuriadau. Yr oedd yn rhydd ar gyfer y dyddiad a drefnwyd yn wreiddiol ar gyfer y cyfarfod hwn, 7 Mehefin. Fodd bynnag, bu'n rhaid aildrefnu'r cyfarfod oherwydd yr etholiad cyffredinol. Mae'r cyfarfod hwn yn gwrthdaro â'i gyfarfod olaf fel Cadeirydd Bwrdd Archwilwyr y Cenhedloedd Unedig. Rhaid iddo lofnodi'r cyfrifon a'u prosesu gerbron Cynulliad Cyffredinol y Cenhedloedd

as Chair of the United Nations Board of Auditors. He is handing over to the French tomorrow. When he heard that he was being reappointed as Auditor General for Wales, he did not reapply for the UN job.

Unedig heddiw ac yfory yn Efrog Newydd. Hon yw ei weithred olaf fel Cadeirydd Bwrdd Archwilwyr y Cenhedloedd Unedig. Mae'n trosglwyddo'r awenau i'r Ffrancwyr yfory. Pan glywodd ei fod yn cael ei ailbenodi'n Archwilydd Cyffredinol Cymru, nid ailymgeisiodd am swydd y Cenhedloedd Unedig.

[2] Dafydd Wigley: I salute him.

[2] Dafydd Wigley: Fe'i saliwtiaf.

[3] Janet Davies: He obviously has his priorities right.

[3] Janet Davies: Mae'n amlwg bod ei flaenoriaethau'n iawn.

In terms of Members, Peter Law is excluded under Standing Order No. 12.7 because he used to be a member of the Cabinet. Lorraine Barrett is substituting for Lynne Neagle. We have received apologies from Kirsty Williams and Ann Jones. I welcome everyone to this meeting of the Audit Committee. You will note that Sir John Bourn has been reappointed as Auditor General for Wales.

O ran yr Aelodau, gwaherddir Peter Law o dan Reol Sefydlog Rhif 12.7 am ei fod yn arfer bod yn aelod o'r Cabinet. Mae Lorraine Barrett yn dirprwyo dros Lynne Neagle. Derbyniasom ymddiheuriadau oddi wrth Kirsty Williams ac Ann Jones. Croesawaf bawb i'r cyfarfod hwn o'r Pwyllgor Archwilio. Byddwch yn nodi bod Syr John Bourn wedi ei ailbenodi'n Archwilydd Cyffredinol Cymru.

Will the witnesses introduce themselves, please.

A wnaiff y tystion eu cyflwyno eu hunain, os gwelwch yn dda.

Mrs Lloyd: I am Ann Lloyd, Director of NHS Wales.

Mrs Lloyd: Ann Lloyd wyf fi, Cyfarwyddwr NHS Cymru.

Mrs Williams: I am Jan Williams, chief executive of Bro Taf Health Authority and accounting officer for Health Solutions Wales.

Mrs Williams: Jan Williams wyf fi, prif weithredwr Awdurdod Iechyd Bro Taf a swyddog cyfrifo Health Solutions Wales.

Mrs Beaver: I am Sarah Beaver, head of the NHS Finance Division in the National Assembly for Wales.

Mrs Beaver: Sarah Beaver wyf fi, pennaeth Is-adran Cyllid yr NHS yng Nghynulliad Cenedlaethol Cymru.

[4] Janet Davies: Thank you. I remind witnesses and members of the Committee that they are welcome to speak in either Welsh or English. Translation equipment is available.

[4] Janet Davies: Diolch. Atgoffaf y tystion ac aelodau'r Pwyllgor bod croeso iddynt siarad yn y Gymraeg neu'r Saesneg. Mae offer cyfieithu ar gael.

The first item on the agenda is an evidence-taking session on the National

Yr eitem gyntaf yw sesiwn cymryd tystiolaeth ar adroddiad y Swyddfa

Audit Office report for the Auditor General for Wales, 'NHS (Wales) Summarised Accounts 1999-2000'. I found last year that this was quite a difficult session for Committee members, but I am sure that we are getting the hang of it quite well by now.

I will now ask the first question. I would like to begin by looking at the financial performance of the NHS in Wales. My question is addressed to Mrs Lloyd. In April 2000, the then Accounting Officer told this Committee that NHS Wales was forecasting an overall deficit of some £20 million for the 1999-2000 financial year. I note from paragraph 4.5 of the Auditor General's report that the actual net deficit for the year was only £5.3 million. Could you explain why the forecast given to us after the financial year-end proved so inaccurate?

Mrs Lloyd: As you all know, 1999-2000 was the beginning of a change in the way in which we were trying to manage NHS finances in Wales to ensure that there was an end to the downward spiral of deficits that occurred. That required a considerable change of culture throughout the organisations in Wales to ensure that they started to live within the income and expenditure voted to them. As a consequence, many of the organisations within Wales became 'under recovery' and we had to sign up, with them, to recovery plans that we felt were achievable. That was to ensure that the underlying deficits could be eradicated sensibly across the next three to four years, because the target now to remove all underlying deficits in Wales is April 2003. The reason for the timescale was that we needed to be able to plan and deliver recovery programmes that would stick, and which would not lead to a decimation in services by making cuts to services too frequently.

Archwilio Genedlaethol i Archwilydd Cyffredinol Cymru, 'Cyfrifon Cryno y GIG (Cymru) 1999-2000'. Y llynedd cefais fod hwn yn sesiwn eithaf anodd i aelodau'r Pwyllgor, ond yr wyf yn sicr ein bod yn dechrau dod i arfer yn eithaf da erbyn hyn.

Gofynnaf y cwestiwn cyntaf yn awr. Hoffwn ddechrau drwy edrych ar berfformiad ariannol yr NHS yng Nghymru. Mae fy nghwestiwn i Mrs Lloyd. Yn Ebrill 2000, dywedodd y Swyddog Cyfrifo ar y pryd wrth y Pwyllgor hwn fod NHS Cymru yn rhagweld diffyg cyffredinol o oddeutu £20 miliwn am flwyddyn ariannol 1999-2000. Nodaf ym mharagraff 4.5 o adroddiad yr Archwilydd Cyffredinol fod y gwir ddiffyg net ar gyfer y flwyddyn yn ddim ond £5.3 miliwn. A allech egluro pam yr oedd y rhagolwg a roddwyd i ni ar ôl diwedd y flwyddyn ariannol mor anghywir?

Mrs Lloyd: Fel y gwyddoch i gyd, 1999-2000 oedd man cychwyn y newid yn y modd yr oeddem yn ceisio rheoli cyllid yr NHS yng Nghymru i sicrhau y rhoddid terfyn ar y ddisgynfa o ddiffygion a ddigwyddodd. Yr oedd hynny'n gofyn cryn newid mewn arferion drwy'r cyrff yng Nghymru er mwyn sicrhau eu bod yn dechrau cadw at yr incwm a'r gwariant a roddwyd iddynt drwy bleidlais. O ganlyniad, yr oedd llawer o'r cyrff yng Nghymru 'yn destun adferiad' ac yr oedd yn rhaid inni gytuno ar gynlluniau adfer gyda hwy y teimlem fod modd eu cyflawni. Pwrpas hynny oedd sicrhau y gellid dileu'r diffygion sylfaenol yn synhwyrol dros y tair i bedair blynedd nesaf, oherwydd y targed bellach i ddileu'r holl ddiffygion sylfaenol yng Nghymru yw Ebrill 2003. Y rheswm am yr amserlen hon oedd bod angen inni allu cynllunio a chyflawni rhaglenni adfer a fyddai'n aros yn eu lle, ac na fyddai'n arwain at chwalfa mewn gwasanaethau drwy dorri gwasanaethau'n rhy aml.

As a consequence, there were a number of unknowns occurring during 1999-2000 and onwards into 2000-01, which included the very grave difficulties in prescription pricing and in our being able to accurately define whether or not the allocations, and indeed the forecasts, could be met effectively. As a consequence, the forecasts were not accurate. There has been a great deal of action to ensure that the forecasts become accurate and more action has to take place, particularly during this year. However, we are still in difficulty in terms of prescription pricing, in some of the swings round that are occurring in the way in which clinical negligence must be accounted for, and particularly in the revaluing of estates, which again will cause our forecasting this year to be less accurate than we would wish.

O ganlyniad, yr oedd nifer o bethau anhysbys yn digwydd yn ystod 1999-2000 ac ymlaen i 2000-01, a oedd yn cynnwys yr anawsterau difrifol iawn mewn prisio presgripsiynau a'n gallu i ddiffinio'n fanwl gywir a ellid cyrraedd y dyraniadau, ac yn wir y rhagolygon, yn effeithiol. O ganlyniad, nid oedd y rhagolygon yn fanwl gywir. Cymerwyd llawer o gamau i sicrhau y bydd y rhagolygon yn fanwl gywir a rhaid cymryd rhagor o gamau, yn enwedig yn ystod y flwyddyn hon. Fodd bynnag, yr ydym yn dal i fod mewn trafferthion o ran prisio presgripsiynau, yn rhai o'r newidiadau sydd yn digwydd yn y modd y mae'n rhaid rhoi cyfrif am esgeulustod clinigol, ac yn enwedig mewn ailbrisio stadau, a fydd hefyd yn peri bod ein rhagfynegi eleni yn llai manwl gywir nag y dymunem.

As a consequence, Mrs Beaver and I have determined that we will use models from now on to try to predict much more accurately all the cash and income expenditure management throughout Wales from April 2002, particularly when we get into a possible new resource allocation review mechanism. It is very difficult to hold people to account if there are all these unknowns. I think that, with the three things happening simultaneously throughout 1999, 2000 and 2001, it has been difficult to be stern about cash management and income and expenditure management. That is why we are taking this very direct action to try to ensure that, by April 2002, we have a complete model of where the changes might be and that we manage our organisations against month-by-month cash and income and expenditure forecasts, knowing that there will still be changes in issues arising from clinical negligence, its management and accounting mechanisms and in revaluation of the estate and prescription pricing. However, we will have a much

Oherwydd hynny, mae Mrs Beaver a mi wedi penderfynu y defnyddiwn fodelau o hyn allan i geisio rhagfynegi'n llawer mwy manwl gywir yr holl reolaeth ar arian ac incwm a gwariant ledled Cymru o Ebrill 2002, yn enwedig pan fyddwn mewn mecanwaith newydd posibl i adolygu dyraniadau. Mae'n anodd iawn galw pobl i gyfrif os oes llawer o bethau anhysbys fel hyn. Credaf, gyda'r tri pheth yn digwydd yr un pryd drwy gydol 1999, 2000 a 2001, iddi fod yn anodd bod yn llym ynghylch rheolaeth ar arian a rheolaeth ar incwm a gwariant. Dyna pam yr ydym yn cymryd y camau uniongyrchol iawn hyn i geisio sicrhau bod gennym fodel cyflawn, erbyn Ebrill 2002, o ble y gallai'r newidiadau fod a'n bod yn rheoli'r cyrff yn ôl rhagolygon ariannol ac incwm a gwariant fesul mis, gan wybod y bydd newidiadau o hyd mewn materion sydd yn deillio o esgeulustod clinigol, y rheolaeth arno a'r mecanweithiau cyfrifo, ac mewn ailbrisio'r stad a phrisio presgripsiynau. Fodd bynnag, bydd gennym ddiweddariad llawer mwy manwl gywir

more accurate update on prescription pricing by that date.

ar brisio presgripsiynau erbyn y dyddiad hwnnw.

[5] Janet Davies: Are you satisfied that future forecasts from these models will not contain such a high degree of inaccuracy?

[5] Janet Davies: A ydych yn sicr na fydd y rhagolygon yn y dyfodol ar sail y modelau hyn yn cynnwys cymaint o anghywirdeb?

Mrs Lloyd: I think that we will know, in a much more timely manner, when the forecasts are starting to slip so that we can redirect the resources if there is an underspend, or manage an overspend much more effectively and in a more timely manner in order to ensure that the vote given to the NHS by the Assembly can be utilised effectively for the designated purposes. If we have accurate models—and they are not a perfect answer—but if they are accurate, and we review the performance of the organisations within Wales, month by month, particularly as they will be going through quite considerable change at that time, then we will be able to redirect that money. We have already managed to do that this year to better effect in terms of patient care. We have acquired more patient care provision by using money non-recurringly for particular purposes. I hope, therefore, that we would be much more sure, when attending an Audit Committee meeting, that we at least have the mechanisms in place. That and the culture change that is running through the NHS will enable us to use our money much more effectively for the purposes for which it has been voted.

Mrs Lloyd: Credaf y byddwn yn gwybod, yn fwy amserol o lawer, pan yw'r rhagolygon yn dechrau llithro fel y gallwn ailgyfeirio'r adnoddau os oes tanwariant, neu reoli gorwariant yn fwy effeithiol o lawer ac yn fwy amserol er mwyn sicrhau y gellir defnyddio'r hyn a roddir i'r NHS drwy bleidlais y Cynulliad yn effeithiol at y dibenion a ddynodwyd. Os oes gennym fodelau manwl gywir—ac nid ydynt yn ateb perffaith—ond os ydynt yn fanwl gywir, a ninnau'n adolygu perfformiad y cyrff yng Nghymru, fesul mis, yn enwedig gan y byddant yn profi newid eithaf sylweddol bryd hynny, byddwn yn gallu ailgyfeirio'r arian hwnnw. Yr ydym eisoes wedi llwyddo i wneud hynny'n fwy effeithiol eleni o ran gofal cleifion. Cawsom fwy o ddarpariaeth gofal cleifion drwy ddefnyddio arian ar sail achlysurol at ddibenion penodol. Gobeithiaf, felly, y byddem yn fwy sicr o lawer, pan ydym yn mynychu cyfarfod o'r Pwyllgor Archwilio, fod y mecanweithiau ar waith gennym o leiaf. Bydd hynny, ynghyd â'r newid mewn arferion sydd yn digwydd drwy'r NHS, yn ein galluogi i ddefnyddio ein harian yn fwy effeithiol o lawer i'r dibenion y'i rhoddwyd ar eu cyfer drwy bleidlais.

[6] Janet Davies: Dafydd Wigley and Alison Halford want to ask questions, but I want to continue teasing this out a little more.

[6] Janet Davies: Mae Dafydd Wigley ac Alison Halford am ofyn cwestiynau, ond hoffwn fynd ychydig yn fanylach i hyn.

Twenty-four million pounds came in very late in the 2001-02 financial year, which is now deferred income for expenditure this year. The forecast for this year predicts a deficit of £24 million minus

Daeth £24 miliwn i mewn yn hwyr iawn ym mlwyddyn ariannol 2001-02, sydd bellach yn incwm a ohiriwyd i'w wario eleni. Mae'r rhagolwg am eleni'n rhagfynegi diffyg o £24 miliwn minws

£13 million, which is an extra block coming in. It seems to me that if you are having to spend £24 million, which is left over, plus you are going into deficit this year anyway, presumably there are major reasons for that and you are geared up for a considerable amount of extra expenditure. Will you give us some idea of what this expenditure will be? I know that we are perhaps veering away from the 1999-2000 accounts, but it is a matter of concern that arises from this.

£13 miliwn, sef bloc ychwanegol sydd yn dod i mewn. Ymddengys i mi, os ydych yn gorfod gwario £24 miliwn, sydd yn weddill, ac os bydd gennych ddiffyg eleni beth bynnag, ei bod yn debygol bod rhesymau pwysig am hynny a'ch bod wedi paratoi ar gyfer swm sylweddol o wariant ychwanegol. A wnewch roi rhyw syniad i ni o'r gwariant hwn? Gwn ein bod efallai'n crwydro oddi wrth gyfrifon 1999-2000, ond mae'n destun pryder sydd yn codi o hynny.

Mrs Lloyd: If we are talking about the management this year, in the current financial year, we knew that additional moneys were given to the health service to manage particular problems. The Assembly was very keen that additional money was provided to manage the waiting lists, and now the waiting times, to start to manage the improvement of the standards against the coronary heart disease national service framework and the cancer standards, all of which are coming in this year. As you also know, recruitment and retention in the NHS is a major and all-consuming problem for us at the moment. The money was allocated to organisations against particular schemes, to improve waiting times—which indeed they did—and to start to work towards the standards, particularly for cancer, which were available then. However, because of the difficulties of recruitment and retention, that money could not be used for all the purposes intended and, as a consequence, the money has been moved forward to this year.

Mrs Lloyd: Os ydym yn sôn am y rheolaeth eleni, yn y flwyddyn ariannol gyfredol, gwyddem fod arian ychwanegol wedi ei roi i'r gwasanaeth iechyd i reoli problemau penodol. Yr oedd y Cynulliad yn awyddus iawn i arian ychwanegol gael ei ddarparu i reoli'r rhestrau aros, a'r amseroedd aros yn awr, i ddechrau rheoli'r gwelliant mewn safonau yn ôl fframwaith gwasanaeth cenedlaethol clefyd coronaidd y galon a'r safonau canser, y mae pob un ohonynt yn dechrau eleni. Fel y gwyddoch hefyd, mae recriwtio a chadw yn yr NHS yn broblem fawr a hollysol i ni ar hyn o bryd. Dyrannwyd yr arian i gyrff ar gyfer cynlluniau penodol, i wella amseroedd aros—ac, yn wir, gwnaethant hynny—ac i ddechrau symud tuag at y safonau, yn enwedig ar gyfer canser, a oedd ar gael bryd hynny. Fodd bynnag, oherwydd yr anawsterau recriwtio a chadw, ni ellid defnyddio'r arian hwnnw i'r holl ddibenion arfaethedig ac, o ganlyniad, symudwyd yr arian ymlaen i'r flwyddyn hon.

By the end of June, we will have an accurate assessment of the application of standards throughout Wales against the cancer standards, because one of your requirements is that we move towards total application of cancer standards by the end of December. I will know that by June and, therefore, the money will be allocated against improving those

Erbyn diwedd Mehefin, bydd gennym asesiad manwl gywir o'r modd y cymhwyswyd y safonau ledled Cymru mewn perthynas â safonau canser, oherwydd un o'ch gofynion oedd ein bod yn symud tuag at gymhwyso'r holl safonau canser erbyn diwedd Rhagfyr. Byddaf yn gwybod hynny erbyn mis Mehefin ac, felly, dyrennir yr arian ar

standards through the cancer networks. Similarly with the coronary heart disease national service framework, where a considerable amount of work has already been done, given the broad outline that we had from England. The money allocated to the health service for those purposes will be sent out to the health service in July, once we have agreed the particular schemes and the performance management framework against which we monitor those schemes.

gyfer gwella'r safonau hynny drwy'r rhwydweithiau canser. Yr un modd â fframwaith gwasanaeth cenedlaethol clefyd coronaidd y galon, lle y gwnaethpwyd cryn waith eisoes, o ystyried yr amlinelliad bras a gawsom gan Loegr. Anfonir yr arian a ddyrannwyd i'r gwasanaeth iechyd i'r dibenion hynny at y gwasanaeth iechyd yng Ngorffennaf, wedi inni gytuno ar y cynlluniau penodol a'r fframwaith rheoli perfformiad yr ydym yn monitro'r cynlluniau hynny yn ei erbyn.

Therefore, the money that was unspent last year for particular schemes—the deferred income—has been moved forward to this year. Some of the underspends that we know are arising because of the delay in the beginning of this year, have been used to increase the provision for the eradication of the orthopaedic waiting lists. Our better forecasting methodology and our better performance management of the organisations within the NHS have already allowed us to move the moneys for particular purposes on a non-recurring basis to ensure that the money is properly utilised throughout the NHS. That analysis goes on month by month at my management group and with the health authority chief executives to ensure that we are perfectly aware of when there has been a failure to recruit and what the forecast is for the recruitment, so that we can bring back the money to reallocate to particular priorities of the Assembly within the overall agreed envelope that it has given us. Therefore, it is starting to work, but I feel that it must get better.

Felly, mae'r arian nas gwariwyd y llynedd ar gyfer cynlluniau penodol—yr incwm a ohiriwyd—wedi ei symud ymlaen i'r flwyddyn hon. Mae rhai o'r tanwariannau y gwyddom eu bod yn codi oherwydd yr oedi ar ddechrau'r flwyddyn hon, wedi eu defnyddio i gynyddu'r ddarpariaeth ar gyfer dileu'r rhestrau aros orthopaedig. Mae'r fethodoleg rhagfynegi well a'r rheolaeth berfformiad well sydd gennym ar y cyrff oddi mewn i'r NHS eisoes wedi caniatáu inni symud yr arian ar gyfer dibenion penodol ar sail achlysurol er mwyn sicrhau y caiff yr arian ei ddefnyddio'n briodol drwy'r NHS. Aiff y dadansoddi hwnnw ymlaen o fis i fis yn fy ngrŵp rheolaeth a chyda phrif weithredwyr yr awdurdodau iechyd er mwyn sicrhau ein bod yn gwbl ymwybodol o pan fu methiant i recriwtio a beth ydyw'r rhagolwg ar gyfer recriwtio, fel y gallwn ddod â'r arian yn ôl i'w ailddyrannu i flaenoriaethau penodol y Cynulliad oddi mewn i'r swm cyffredinol cytunedig a roddodd i ni. Felly, mae'n dechrau gweithio, ond teimlaf fod yn rhaid iddo wella.

[7] Dafydd Wigley: Croesawaf yr hyn yr ydych newydd ei ddweud, oherwydd mae'n bwysig ein bod yn manteisio'n llawn ar unrhyw adnoddau sydd ar gael ac yn symud arian yn gynt er mwyn ei ddefnyddio yn fwy effeithiol a lle bo ei angen. Yr hyn sydd yn fy mhoeni, o edrych ar ffigurau Ebrill 2000, yw'r ffaith

[7] Dafydd Wigley: I welcome what you have just said, because it is important that we take advantage of any available resources and move money around quicker in order to use it more effectively and where it is needed. What concerns me, looking at the figures for April 2000, is the fact that, after the end of the

eich bod, wedi diwedd y flwyddyn ariannol, yn dal i gredu y byddai'r ffigurau'n anghywir. Nid oeddech yn darogan bryd hynny ond, yn hytrach, nid oeddech yn gwybod beth oedd wedi digwydd eisoes, neu o leiaf dyna fyddai'r sefyllfa os mai patrwm gwario oedd yn achosi'r broblem, yn hytrach nag amrywiaeth yn yr incwm yr oeddech wedi'i dderbyn.

financial year, you still believed that figures would be inaccurate. You were not forecasting at that time but, rather, you did not know what had already happened, or at least that is what the situation would have been if the problem was caused by an expenditure pattern rather than a variation in the income you received.

Wrth reoli'r patrwm gwario, i ba raddau y mae gennych system reoli ymrwymiad? Onid ydych yn rheoli ymrwymiad yn dynn iawn, ni fyddwch yn rheoli'r llif arian. Mae popeth yn troi o gwmpas rheoli ymrwymiad. A oes gennych system sydd yn rhoi gwybodaeth i chi am eich gwariant ar y pwynt pan ymrwymir yr arian, fel eich bod yn gwybod fesul wythnos beth yw'r patrwm ymrwymo? Heb hynny, nid ydych mewn rheolaeth.

In managing the expenditure pattern, to what extent do you have a commitment management system? If you do not manage commitment tightly, you cannot manage cash flow. Everything revolves around commitment control. Do you have a system that gives you information on your expenditure at the point when the money is committed, so that you know, week by week, what the commitment pattern is? Without that, you are not in control.

Mrs Lloyd: Yes, I would agree. Commitment control is absolutely essential, which is why we have put into practice now a commitment control forecast so that we can see that month by month. The health authorities have a major part to play in this as they operate on behalf of the Assembly in the management of the community in which they work. The money goes from us to them and then out into the trusts. We must ensure that we have much more accurate and timely dialogue with them when the schemes, which they have funded via us, are or are not coming onstream.

Mrs Lloyd: Ie, byddwn yn cytuno. Mae rheoli ymrwymiadau yn gwbl hanfodol, a dyna pam yr ydym wedi rhoi rhagolwg rheoli ymrwymiadau ar waith yn awr fel y gallwn weld hynny fesul mis. Mae gan yr awdurdodau iechyd ran fawr i'w chwarae yn hyn gan eu bod yn gweithredu ar ran y Cynulliad wrth reoli'r gymuned lle y maent yn gweithio. Aiff yr arian oddi wrthym ni atynt hwy ac wedyn allan i'r ymddiriedolaethau. Rhaid inni sicrhau bod gennym ddeialog fwy cywir ac amserol â hwy pan yw'r cynlluniau, a arianasant drwom ni, yn cychwyn neu'n peidio â chychwyn.

I would not say that I am satisfied yet that we have the system right or timely enough. The proof in the last couple of months of our ability to analyse and anticipate a slip in forecast has allowed us to move money around. However, I think that we must really get a system of programmed money, particularly with the additional moneys that are coming into

Ni ddywedwn fy mod yn fodlon eto fod y system yn iawn neu'n ddigon amserol. Mae'r prawf yn y misoedd diwethaf hyn o'n gallu i ddadansoddi a rhagweld llithriad mewn rhagolwg wedi caniatáu inni symud arian o gwmpas. Fodd bynnag, credaf fod gwir angen inni gael system o arian a raglennwyd, yn enwedig gyda'r arian ychwanegol sydd yn dod i'r

the NHS from the Assembly for particular programmes. We should be able to predict much more accurately the exact flow of money into those schemes and hold to account those organisations against the forecast that they have. Forecasting is variable throughout Wales. It must begin to be very standard.

NHS oddi wrth y Cynulliad ar gyfer rhaglenni penodol. Dylem allu rhagfynegi'n fwy manwl gywir o lawer yr union lifoedd o arian i'r cynlluniau hynny a galw'r cyrff hynny i gyfrif yn ôl y rhagolwg sydd ganddynt. Mae rhagfynegi'n amrywio ledled Cymru. Rhaid iddo ddechrau dod yn safonol iawn.

I think that some of the issues mentioned in the Auditor General's report on forecasting are extremely helpful to us. We shall be working with them to get our systems as accurate as they possibly can be, bearing in mind that there are always bedevilling facts that will sometimes stop schemes being progressed as quickly as possible. It also means that, at the Assembly official level, we must get much smarter about getting money out quickly. We must have schemes in the drawer agreed with the health authorities and their successors, so that we can release money fast and really plan ahead much more appropriately than we have been able to do in the past.

Credaf fod rhai o'r materion a grybwyllir yn adroddiad yr Archwilydd Cyffredinol ar ragfynegi o gymorth mawr i ni. Byddwn yn gweithio gyda hwy i wneud ein systemau mor fanwl gywir ag y gallant fod, gan gofio bod ffeithiau trafferthus bob amser a fydd weithiau'n atal prosesu cynlluniau mor fuan ag y gellid. Golyga hefyd, ar lefel swyddogol y Cynulliad, fod rhaid inni fod yn llawer mwy effro ynghylch dosbarthu arian yn gyflym. Rhaid inni fod â chynlluniau yn y drôr a gytunwyd â'r awdurdodau iechyd a'u holynwyr, fel y gallwn ryddhau arian yn gyflym a blaengynllunio'n fwy priodol o lawer nag y bu modd inni wneud yn y gorffennol.

[8] Alison Halford: We have been confronted with two large and complicated reports for today, so forgive me if these questions seem silly. It is a question of definition. What do you mean by underlying deficit structural pricing? Could you describe that?

[8] Alison Halford: Mae dau adroddiad mawr a chymhleth yn ein hwynebu ar gyfer heddiw, felly maddeuwch i mi os yw'r cwestiynau hyn yn ymddangos yn wirion. Mater o ddiffinio ydyw. Beth yr ydych yn ei olygu wrth brisio strwythurol diffyg sylfaenol? A allech ddisgrifio hynny?

Mrs Lloyd: May I ask Mrs Beaver to more accurately describe it?

Mrs Lloyd: A gaf ofyn i Mrs Beaver ei ddisgrifio'n fanylach?

[9] Alison Halford: I do not mind. The ball is in your court.

[9] Alison Halford: Nid oes gwahaniaeth gennyf. Mae'r bêl gennych chi.

Mrs Beaver: Underlying deficit—I am not sure what you mean by structural pricing—

Mrs Beaver: Diffyg sylfaenol—nid wyf yn sicr beth a olygwch wrth brisio strwythurol—

[10] Alison Halford: I took it down verbatim; on eradicating underlying deficit structural pricing more needs to be

[10] Alison Halford: Fe'i hysgrifennais air am air; mae angen gwneud mwy ynghylch dileu prisio strwythurol diffyg

done. You need to accurately define it and more needs to be done.

Mrs Beaver: I can deal with the underlying deficit. Accruals-based accounting is supposed to smooth some of these problems because you are supposed to be able to align income and expenditure. What we have actually found is that it is quite difficult to make the accounts really represent the true financial position. For example, at the end of October in 1998-99, the European Working Times Directive came into force. That changed the basis on which holiday pay was made. The health authorities, or the trusts, therefore had to pay significantly higher amounts for holidays taken because you were paid at the annual average income over the previous six weeks, or whatever. It was actually very difficult to work out what the actual costs of that were down to the level of the individual nurse or whoever. The payment was therefore not actually made until April or May 2000 in backpay. However, in the accounts for the previous year, we had to accrue that as expenditure. The health authorities accrued it as expenditure because they had to pay the trusts. Therefore, there was a mismatch of about £8 million between income and expenditure.

There was also another non-recurrent payment that we made to all health authorities in 1999-2000—sorry, in 2000-01—to help them manage their underlying deficits. It enabled, for example, Swansea NHS Trust to repay the debt that it owed to the Assembly. However, that is non-recurrent income. We never said that that was going to be made available on a recurrent basis. It was a one-off, £24.2 million package. Therefore, if you want to look at the true financial position, which is what we are trying to be open about, we invented the term of 'underlying deficit'—that is, after

sylfaenol. Mae angen ichi ei ddiffinio'n fanwl ac mae angen gwneud mwy.

Mrs Beaver: Gallaf drafod y diffyg sylfaenol. Mae cyfrifo ar sail croniadau i fod i leddfu rhai o'r problemau hyn oherwydd yr ydych i fod i allu cyfunioni incwm a gwariant. Yr hyn a gawsom mewn gwirionedd yw ei bod yn eithaf anodd peri i'r cyfrifon gynrychioli'r wir sefyllfa ariannol. Er enghraifft, ar ddiwedd Hydref yn 1998-99, daeth y Gyfarwyddeb Amseroedd Gweithio Ewropeaidd i rym. Newidiodd hynny'r sail y gwnaethpwyd taliadau gwyliau arni. Felly bu'n rhaid i'r awdurdodau iechyd, neu'r ymddiriedolaethau dalu symiau uwch o lawer am wyliau oherwydd caech eich talu yn ôl yr incwm cyfartalog blynyddol dros y chwe wythnos flaenorol, neu beth bynnag. Mewn gwirionedd yr oedd yn anodd iawn cyfrifo beth oedd union gostau hynny i lawr at lefel y nyrs unigol neu bwy bynnag. Felly ni wnaethpwyd y taliad mewn gwirionedd tan Ebrill neu Fai 2000, ar ffurf ôl-gyflog. Fodd bynnag, yn y cyfrifon am y flwyddyn flaenorol, yr oedd yn rhaid inni gronni hynny fel gwariant. Cronnodd yr awdurdodau iechyd ef fel gwariant am eu bod yn gorfod talu'r ymddiriedolaethau. Felly, yr oedd camgymhariad o tua £8 miliwn rhwng incwm a gwariant.

Hefyd yr oedd taliad achlysurol arall a roesom i'r holl awdurdodau iechyd yn 1999-2000—mae'n ddrwg gennyf, yn 2000-01—i'w helpu i reoli eu diffygion sylfaenol. Galluogodd Ymddiriedolaeth GIG Abertawe, er enghraifft, i ad-dalu'r ddyled a oedd arni i'r Cynulliad. Fodd bynnag, incwm achlysurol yw hwnnw. Ni ddywedasom erioed y byddem yn ei ddarparu'n rheolaidd. Yr oedd yn becyn unigryw o £24.2 miliwn. Felly, os dymunwch edrych ar y wir sefyllfa ariannol, sef yr hyn yr ydym yn ceisio bod yn agored yn ei gylch, dyfeisiasom y term 'diffyg sylfaenol'—hynny yw, ar ôl

you have removed non-recurrent expenditure or non-recurrent income. That would be, for example, in the case of a restructuring, as happened within one of the trusts. It incurred a lot of one-off expenditure on redundancy or early retirement severance payments that will not need to be re-provided in another year. Therefore, we just tried to say 'let us get away from non-recurrent income and expenditure matters and look at the underlying position'. We were trying to make more open what the true health of the true financial position was.

ichi dynnu gwariant achlysurol neu incwm achlysurol. Byddai hynny, er enghraifft, yn achos ailstrwythuro, fel a ddigwyddodd oddi mewn i un o'r ymddiriedolaethau. Arweiniodd at lawer o wariant unigryw ar daliadau diswyddo neu ymddeol cynnar na fydd angen ei ailddarparu mewn blwyddyn arall. Felly, ceisiasom ddweud 'gadewch inni geisio gadael materion incwm a gwariant achlysurol ac edrych ar y sefyllfa sylfaenol'. Yr oeddem yn ceisio dangos gwir gyflwr y wir sefyllfa ariannol yn fwy agored.

[11] Alison Halford: Thank you. May I just ask, if you are making people redundant and you have a staff retention problem, does that not seem to be something of a dichotomy?

[11] Alison Halford: Diolch. A gaf ofyn, os ydych yn diswyddo pobl a phroblem cadw staff gennych, onid yw hynny'n ymddangos yn ddeuoliaeth braidd?

Mrs Lloyd: It is the wrong people that we are short of.

Mrs Lloyd: Yr ydym yn brin o'r bobl anghywir.

[12] Alison Halford: I know the feeling.

[12] Alison Halford: Gwn am y teimlad.

Mrs Lloyd: Therefore, in any restructuring—although the last restructuring within the health service was not on the basis of trying to make cash or financial saving; it was very much in terms of trying to bring together services so that they could be run in a more integrated and seamless way, which was the underlying principle; nevertheless, there were two of this going into one of that—we will always try to ensure that redundancies are kept to an absolute minimum. Not only are you usually wasting talent, but you are also incurring expenditure against the public purse. Therefore, one must be very careful about it. However, we knew that there would be casualties, although I thought that the trust did extremely well in trying to manage those casualties and re-employ them in different formats. Nevertheless, there was a certain amount of fallout. Those staff, unfortunately, did not happen to be nurses or doctors or

Mrs Lloyd: Felly, mewn unrhyw ailstrwythuro—er nad oedd yr ailstrwythuro diwethaf yn y gwasanaeth iechyd yn seiliedig ar geisio cael arbedion ariannol neu gyllidol; yr oedd yn ymwneud yn bennaf â cheisio dod â gwasanaethau at ei gilydd fel y gellid eu gweithredu'n fwy integredig a di-dor, sef yr egwyddor sylfaenol; er hynny, yr oedd dau o un peth yn mynd i un o beth arall—byddwn bob amser yn ceisio sicrhau'r nifer lleiaf posibl o ddiswyddiadau. Nid yn unig yr ydych yn gwastraffu doniau'n aml, ond yr ydych hefyd yn peri gwariant o'r pwrs cyhoeddus. Felly, rhaid i rywun fod yn ofalus iawn ynghylch hynny. Fodd bynnag, gwyddem y byddai colledion, er fy mod yn credu bod yr ymddiriedolaeth wedi gwneud yn dda iawn wrth geisio trefnu'r colledion hynny a'u hailddefnyddio mewn fformatiau gwahanol. Er hynny, yr oedd rhywfaint o adladd. Gwaetha'r modd, nid oedd y staff hynny'n digwydd bod yn nyrsys neu'n

pharmacists—all the staff that we are so avidly seeking around the country and trying to train.

feddygon neu'n fferyllwyr—y staff hynny yr ydym yn chwilio amdanynt mor daer o gwmpas y wlad ac yn ceisio'u hyfforddi.

[13] Alison Halford: Thank you. My very last question, Chair, is again basic: why is valuation of estates causing a problem, which then impacts upon your budgets or your inability to forecast properly? I would have thought that a building is worth a building.

[13] Alison Halford: Diolch. Mae fy nghwestiwn olaf un, Gadeirydd, yn un syml eto: pam y mae prisio stadau yn peri problem, sydd wedyn yn effeithio ar eich cyllidebau neu'ch anallu i ragfynegi'n iawn? Byddwn wedi medwl bod adeilad yn werth adeilad.

Mrs Beaver: The actual problem that had occurred at this time was in relation to the introduction of financial reporting standard no. 11, which stated that assets must be valued at their net recoverable amount—that is, what the proceeds would be after the cost of sale. A revaluation of our estate was done at that time. At that stage, the valuation methodology stated that, for example, if you build a hospital, as we have built the Royal Glamorgan Hospital, and it has cost £x million, if you sold it tomorrow it would be worth quite a lot less than that. Therefore, we had to take that as an impairment to the value of our estate. That comes in because your balance sheet goes down and your income and expenditure account takes a hit because you are having to make a provision for that. That was the valuation methodology that was applied in 1998-99.

Mrs Beaver: Yr oedd yr union broblem a ddigwyddodd bryd hynny'n ymwneud â chyflwyno safon adrodd ariannol rhif 11, sydd yn datgan bod yn rhaid prisio asedau ar eu swm adferadwy net—hynny yw, beth fyddai'r elw ar ôl y gost o'u gwerthu. Ailbrisiwyd ein stad bryd hynny. Ar y pryd, yr oedd y fethodoleg prisio'n datgan, er enghraifft, os adeiladwch ysbyty, fel yr adeiladasom Ysbyty Brenhinol Morgannwg, a'i fod wedi costio £x miliwn, pe baech yn ei werthu yfory byddai'n werth cryn dipyn yn llai na hynny. Felly, yr oedd yn rhaid inni gymryd hynny fel lleihad ar werth ein stad. Mae hynny'n digwydd am fod eich mantolen yn disgyn ac mae'ch cyfrif incwm a gwariant yn cael ei daro am eich bod yn gorfod darparu ar gyfer hynny. Dyna oedd y fethodoleg prisio a gymhwyswyd yn 1998-99.

We know that the valuation office, which controls the valuation, is reviewing the valuation methodology, as it is in England. I am not sure whether it will come into force in the next financial year. What we know is that at some stage in the next couple of years, the entire NHS estate in Wales will need to be revalued to make sure that it is consistent with the new valuation methodology which, I believe, is likely to increase it again. Therefore, after we have had it reduced, it is likely to go up. In some senses, if you have a revaluation reserve in your

Gwyddom fod y swyddfa brisio, sydd yn rheoli'r prisio, yn adolygu'r fethodoleg prisio, fel y mae yn Lloegr. Nid wyf yn sicr a ddaw i rym yn y flwyddyn ariannol nesaf. Yr hyn a wyddom yw y bydd yn rhaid ailbrisio'r cyfan o stad yr NHS yng Nghymru rywbryd yn y blynyddoedd nesaf hyn i sicrhau ei bod yn gyson â'r fethodoleg prisio newydd sydd, yr wyf yn credu, yn debygol o'i chynyddu eto. Felly, ar ôl ei lleihau, mae'n debygol o godi. Ar rai ystyron, os oes gennych gronfa ailbrisio ar eich mantolen, os aiff i lawr yr ydych yn defnyddio honno a bydd

balance sheet, if it goes down you draw on that and this will go into a revaluation reserve on the balance sheet. However, the capital charges consequences of that will impact upon our income and expenditure statements. It creates a very uncertain climate for the health authorities and trusts to do their financial forecasting.

hynny'n mynd i gronfa ailbrisio ar y fantolen. Fodd bynnag, bydd canlyniadau hynny o ran taliadau cyfalaf yn effeithio ar eich datganiadau incwm a gwariant. Mae'n creu hinsawdd ansicr iawn ar gyfer rhagfynegi ariannol gan yr awdurdodau iechyd a'r ymddiriedolaethau.

[14] Alison Halford: This sounds like bureaucratic juggling to keep everybody guessing at how you are spending your money.

[14] Alison Halford: Mae hyn yn swnio fel jyglo biwrocrataidd i gadw pawb i ddyfalu sut yr ydych yn gwario'ch arian.

Mrs Lloyd: No, that is not the case, because we have to track this very carefully indeed so that you can see the revaluation of the estate—

Mrs Lloyd: Na, nid yw hynny'n wir, oherwydd bu'n rhaid inni dracio hyn yn ofalus iawn fel y gallwch weld ailbrisio'r stad—

[15] Alison Halford: It is putting a huge strain on your resources to keep on—

[15] Alison Halford: Mae'n rhoi straen aruthrol ar eich adnoddau i ddal i—

Mrs Lloyd: It is a huge strain on district valuation as well. This work has to be done. Traditionally in the NHS, we have revalued our estate, but revalued it only once every seven years. With the new financial requirements, and the movement of estate values throughout the country in general, we are having to do it much more frequently. It does cause—

Mrs Lloyd: Mae'n straen aruthrol ar y prisio dosbarth hefyd. Rhaid gwneud y gwaith hwn. Yn draddodiadol yn yr NHS, yr ydym wedi ailbrisio'n stad, ond ei hailbrisio bob saith mlynedd yn unig. Gyda'r gofynion ariannol newydd, a symudiad yn ngwerthoedd stadau ledled y wlad yn gyffredinol, yr ydym yn gorfod ei wneud yn amlach o lawer. Mae'n achosi—

[16] Alison Halford: May I be very rude and stop you there, because I do not want to hog the whole thing? Can you simply say that if you did not have to juggle all this valuing, revaluing, devaluing and heaven knows what, then we might be able to get a faster breast cancer diagnosis system, in north Wales for example? Is it as simplistic as that?

[16] Alison Halford: A gaf fod yn anghwrtais iawn a'ch stopio yn y fan honno, oherwydd nid wyf yn dymuno cymryd yr holl amser? A allwch ddweud yn syml, pe na baech yn gorfod jyglo'r holl brisio, ailbrisio, dibrisio a'r nefoedd a ŵyr beth arall, y gallem gael system diagnosis canser y fron gyflymach, yng ngogledd Cymru, er enghraifft? A yw mor syml â hynny?

Mrs Lloyd: No, unfortunately it is not.

Mrs Lloyd: Nac ydyw, gwaetha'r modd.

[17] Alison Halford: Okay. Thank you, Chair.

[17] Alison Halford: O'r gorau. Diolch, Gadeirydd.

[18] Janet Davies: Before we move on, I will come back to another question on the forecasting. A fairly large deficit is forecast this year, but you are moving to get new improved services, particularly for cancer and coronary heart disease. You are nevertheless hoping to get rid of this accumulated deficit within two years. Is there a contradiction here? Do you foresee problems if you are going into debt and the health service appears to be going back into deficit?

[18] Janet Davies: Cyn inni symud ymlaen, dof yn ôl at gwestiwn arall ar y rhagfynegi. Rhagwelir diffyg eithaf mawr eleni, ond yr ydych yn symud ymlaen i gael gwasanaethau newydd gwell, yn enwedig ar gyfer canser a chlefyd coronaidd y galon. Er hynny, yr ydych yn gobeithio cael gwared ar y diffyg cronedig hwn o fewn dwy flynedd. A oes gwrth-ddweud yn y fan hyn? A ydych yn rhagweld problemau os ewch i ddyled a'r gwasanaeth iechyd yn ymddangos ei fod yn mynd yn ôl at ddiffyg?

Mrs Beaver: That is why, I think, we have been trying to focus on this underlying deficit. Although it is not a strict accounting requirement, we felt it to be a truer portrayal of our position. We actually believe that the underlying deficit in the current financial year is more like £10 million or £11 million, which is a slight improvement on the previous year.

Mrs Beaver: Dyna pam, yr wyf yn credu, yr ydym wedi ceisio canolbwyntio ar y diffyg sylfaenol hwn. Er nad yw'n ofyniad cyfrifo pendant, teimlem ei fod yn ddarlun cywirach o'n sefyllfa. Credwn mewn gwirionedd fod y diffyg sylfaenol yn y flwyddyn ariannol gyfredol yn agosach i £10 miliwn neu £11 miliwn, sydd yn ychydig yn well na'r flwyddyn flaenorol.

In terms of the deficit that we are going into this financial year, it is because we will not be able to make available to the service the non-recurrent income that we made available last year. We are still confident that we will be moving back towards a financially balanced position by April 2003. We work with every individual health authority and trust. We work with their forecast, looking at their recovery plans. Obviously, there are always unforeseen things that make this difficult, but we believe that they have recovery plans in place that will get them back into financial balance.

O ran y diffyg yr ydym yn mynd iddo yn y flwyddyn ariannol hon, mae hynny oherwydd na fyddwn yn gallu darparu'r incwm achlysurol i'r gwasanaeth a ddarparasom y llynedd. Yr ydym yn parhau'n ffyddiog y byddwn yn symud yn ôl at sefyllfa ariannol gytbwys erbyn Ebrill 2003. Gweithiwn gyda phob awdurdod iechyd ac ymddiriedolaeth unigol. Gweithiwn gyda'u rhagolygon hwy, gan edrych ar eu cynlluniau adfer. Wrth gwrs, mae pethau annisgwyl bob amser sydd yn gwneud hyn yn anodd, ond credwn fod ganddynt gynlluniau adfer ar waith a fydd yn adfer eu cydbwysedd ariannol.

The overall forecast deficit that we have this year will, to a certain extent, be reduced by about £6 million, because we expect to be providing strategic assistance to those bodies that have agreed recovery plans in place, where part of that agreed recovery plan is that we will give them some financial

Lleiheir y diffyg cyffredinol a ragfynegwyd sydd gennym eleni i ryw raddau, o oddeutu £6 miliwn, oherwydd disgwyliwn y byddwn yn darparu cymorth strategol i'r cyrff hynny y mae cynlluniau adfer cytunedig ar waith ganddynt, lle y bo'n rhan o'r cynllun adfer cytunedig hwnnw ein bod yn rhoi

assistance while they implement the necessary changes to get themselves back into a balanced position.

rhywfaint o gymorth ariannol iddynt tra byddant yn gweithredu'r newidiadau angenrheidiol i gyrraedd sefyllfa gytbwys eto.

[19] Janet Davies: Thank you.

[19] Janet Davies: Diolch.

[20] Alun Cairns: Clearly, the process of accounting is more interesting to some people than to others. As politicians, we are interested in outcomes, so I want to draw your attention to table 5 on page 17 of the report. I want to focus primarily on two items within table 5: the underspending on general medical services, and the underspending on new initiatives, which have been ring-fenced. Just as a scene-setting question, can you give me a general example of the general medical services that would fall into that £7 million underspend?

[20] Alun Cairns: Wrth gwrs, mae'r broses cyfrifo'n fwy diddorol i rai nag i eraill. Fel gwleidyddion, yr ydym yn ymddiddori mewn canlyniadau, felly hoffwn dynnu'ch sylw at dabl 5 ar dudalen 17 yr adroddiad. Hoffwn ganolbwyntio'n bennaf ar ddwy eitem o fewn tabl 5: y tanwario ar wasanaethau meddygol cyffredinol, a'r tanwario ar fentrau newydd, a glustnodwyd. Fel cwestiwn i osod y cefndir, a allwch roi enghraifft gyffredinol i mi o'r gwasanaethau meddygol cyffredinol a ddeuai o fewn y tanwariant hwnnw o £7 miliwn?

Mrs Williams: If I may, Chair, I will pick up that question because there is underspending on general medical services in the north of the Bro Taf Health Authority, relating to Merthyr Tydfil and Rhondda Cynon Taff. It has been historically difficult to engage the general practicioner community in those areas to use the general medical services money available to the full. This is where the local health groups are beginning to have some benefit, because they are working very closely with primary care practices and extended primary care teams, and they are looking at different ways of providing general medical services. There are a number of major, innovative programmes in place, certainly in Rhondda Cynon Taff, of which I would happily let you have details. I think that in parts of Wales there has been a long-standing historical problem in engaging primary care in using this money. However, we are now beginning to move through that by bringing different and more innovative ways of using that money into play.

Mrs Williams: Os caf fi, Gadeirydd, cymeraf fi'r cwestiwn hwnnw oherwydd mae tanwariant ar wasanaethau meddygol cyffredinol yng ngogledd Awdurdod Iechyd Bro Taf, mewn perthynas â Merthyr Tudful a Rhondda Cynon Taf. Bu'n anodd yn hanesyddol cael y gymuned meddygon teulu yn yr ardaloedd hynny i ddefnyddio'r holl arian gwasanaethau meddygol cyffredinol sydd ar gael. Dyma lle mae'r grwpiau iechyd lleol yn dechrau gwneud lles, oherwydd maent yn gweithio'n agos iawn â phractisiau gofal sylfaenol a thimau gofal sylfaenol estynedig, ac maent yn ystyried gwahanol ddulliau o ddarparu gwasanaethau meddygol cyffredinol. Mae nifer o raglenni arloesol mawr ar waith, yn sicr yn Rhondda Cynon Taf, y byddwn yn falch o roi manylion i chi amdanynt. Credaf fod problem hanesyddol hirsefydlog mewn rhannau o Gymru wrth gael gofal sylfaenol i ddefnyddio'r arian hwn. Fodd bynnag, yr ydym yn dechrau goresgyn hynny drwy gychwyn dulliau gwahanol a mwy arloesol o ddefnyddio'r arian hwnnw.

[21] Alun Cairns: I am grateful for that answer, but my question related to what sort of services would tend to fall into that headline of general medical services that that £7 million could, at one time, have foreseeably been spent on?

[21] Alun Cairns: Yr wyf yn ddiolchgar am yr ateb hwnnw, ond yr oedd fy nghwestiwn yn ymwneud â'r math o wasanaethau sydd yn dueddol o ddod o dan y pennawd hwnnw o wasanaethau meddygol cyffredinol y gellid, ar un adeg, ragweld gwario'r £7 miliwn hwnnw arnynt.

Mrs Williams: They are general medical services, for example, services available to populations at a general practice level, including things like health promotion, immunisation, well women's clinics and clinics relating to men's health. You will find an enormous variation in the range of services available at general practice level throughout Wales and we have the most extreme variations in Bro Taf. Again, I will happily supply you with that information if it would help.

Mrs Williams: Maent yn wasanaethau meddygol cyffredinol, er enghraifft, gwasanaethau sydd ar gael i boblogaethau ar lefel meddygaeth deulu, sydd yn cynnwys pethau fel hybu iechyd, imiwneiddio, clinigau benywod iach a chlinigau sydd yn ymwneud ag iechyd dynion. Cewch amrywiaeth aruthrol yn yr amrediad o wasanaethau sydd ar gael ar lefel meddygaeth deulu ledled Cymru ac mae'r amrywiadau mwyaf eithafol gennym ym Mro Taf. Unwaith eto, byddaf yn falch o roi'r wybodaeth honno i chi os byddai o gymorth.

[22] Alun Cairns: Thank you. That answer was very useful indeed. We have heard about the difficulties in forecasting and the plans that you have in place now. However, focusing on outcomes again, what impact did your inability to forecast outturn accurately have on the delivery of health services to the people of Wales in 1999-2000? Presumably, budget underspends represent healthcare not being provided as planned. We have already heard some examples for the £7 million underspend, but what about the £3.7 million underspend on things such as the meningitis vaccine programme, substance misuse and smoking cessation? Are we saying that there were too many of these services available and that we did not need them?

[22] Alun Cairns: Diolch. Yr oedd yr ateb hwnnw'n ddefnyddiol dros ben. Clywsom am y trafferthion wrth ragfynegi a'r cynlluniau sydd ar waith gennych yn awr. Fodd bynnag, gan ganolbwyntio ar ganlyniadau eto, beth oedd effaith eich anallu i ragfynegi'r alldro'n fanwl gywir ar ddarparu gwasanaethau iechyd i bobl Cymru yn 1999-2000? Rhaid cymryd bod y tanwariannau yn y gyllideb yn cynrychioli gofal iechyd na ddarparwyd yn ôl y bwriad. Clywsom rai enghreifftiau eisoes mewn perthynas â'r tanwariant o £7 miliwn, ond beth am y tanwariant o £3.7 miliwn ar bethau fel y rhaglen frechu llid yr ymennydd, camddefnyddio sylweddau a pheidio ag ysmygu? Ai dweud yr ydym bod gormod o'r gwasanaethau hyn ar gael ac nad oedd arnom eu hangen?

Mrs Lloyd: No, we are not saying that and I think that I need to make it clear that this money is not lost to the health

Mrs Lloyd: Nag ydym, nid ydym yn dweud hynny a chredaf fod angen imi roi ar ddeall nad yw'r arian hwn wedi ei golli

service. If it is underspent one year, it is slipped to the next.(1) Mrs Williams has explained the issues relating to some of the underspends on general medical services, which are ring-fenced and therefore must be used for the purposes provided. It is similar for the underspends on the new initiatives, some of which, as you can see, are linked to the general medical services where an additional initiative has been given. You will, I am sure, recall the whole issue of meningitis vaccines. That underspend would be as a consequence of not being able to get the vaccine. The costs of the whole of the publicity campaign and encouraging people to come forward and so on, as well as the application of the meningitis vaccine, would then be carried forward, and, indeed, were carried forward to the next year to ensure that the programme could be completed and continued from then on. So the underspends are not lost. If the expenditure is not incurred in one year, it will be incurred in the next year. What we will agree with the people who are providing the services is the way in which we can ensure for the Assembly that the money is being used for the purposes for which it was voted. So it would be slid through to the next year to complete the programme and to complete the waiting list initiatives as they stood at the time that we had agreed.

gan y gwasanaeth iechyd. Os caiff ei danwario un flwyddyn, fe'i gwthir i'r nesaf.(1) Mae Mrs Williams wedi egluro'r materion sydd yn gysylltiedig â rhai o'r tanwariannau ar wasanaethau meddygol cyffredinol, sydd wedi eu clustnodi ac felly'n gorfod cael eu defnyddio i'r dibenion a ragamodwyd. Mae'n debyg yn achos y tanwariannau ar y mentrau newydd, y mae rhai ohonynt, fel y gallwch weld, yn gysylltiedig â'r gwasanaethau meddygol cyffredinol lle y cyflwynwyd menter ychwanegol. Byddwch yn cofio, yr wyf yn sicr, holl fater y brechlynnau llid yr ymennydd. Byddai'r tanwariant hwnnw'n ganlyniad i fethu â chael y brechlynnau. Byddai costau'r cwbl o'r ymgyrch gyhoeddusrwydd ac annog pobl i ddod ymlaen ac yn y blaen, yn ogystal â'r defnydd o'r brechlynnau llid yr ymennydd, yn cael eu cario ymlaen, ac, yn wir, fe'u cariwyd ymlaen i'r flwyddyn nesaf i sicrhau y gellid cwblhau'r rhaglen a'i pharhau o hynny allan. Felly ni chollir y tanwariannau. Os na cheir gwariant mewn un flwyddyn, fe'i ceir yn y flwyddyn nesaf. Yr hyn a gytunwn â'r bobl sydd yn darparu'r gwasanaethau yw'r modd y gallwn sicrhau'r Cynulliad bod yr arian yn cael ei ddefnyddio i'r dibenion y'i rhoddwyd ar eu cyfer drwy bleidlais. Felly câi ei fwrw drwodd i'r flwyddyn nesaf i gwblhau'r rhaglen a chwblhau'r mentrau rhestrau aros fel yr oeddent ar yr adeg yr oeddem wedi cytuno.

[23] Alun Cairns: Thank you once again for that answer. I am interested in your statement that the underpends in one year are then carried over to the next year and that they would then be generally made up. Do you mean that they would be made up within the programmes for which they have been ring-fenced?

[23] Alun Cairns: Diolch eto am yr ateb hwnnw. Ymddiddoraf yn eich gosodiad bod y tanwariannau mewn un flwyddyn yn cael eu cario drosodd wedyn i'r flwyddyn nesaf ac y byddid yn gwneud iawn amdanynt yn gyffredinol. A ydych yn golygu y byddid yn gwneud iawn amdanynt oddi mewn i'r rhaglenni y'u clustnodwyd ar eu cyfer?

Mrs Lloyd: Yes.

Mrs Lloyd: Ydwyf.

[24] Alun Cairns: What I am particularly interested in, especially on the ring-fenced programmes such as the smoking cessation initiatives, is the fact that they would presumably provide a longer-term saving to the NHS the sooner they were initiated. Is that a fair assumption?

[24] Alun Cairns: Yr hyn sydd o ddiddordeb arbennig i mi, yn enwedig ynghylch y rhaglenni a glustnodwyd fel y mentrau peidio ag ysmygu, yw'r ffaith y byddent yn cynnig arbediad tymor hwy i'r NHS, gellid tybio, os cychwynnid hwy'n gynharach. A yw hynny'n rhagdybiaeth deg?

Mrs Lloyd: May I ask you a question just to clarify in my mind what you would like me to answer? Are you saying that if we did not spend the money in one year and the programme continued, we would have made a saving because we did not complete the programme in one year? Would you mind rephrasing your question?

Mrs Lloyd: A gaf ofyn cwestiwn i chi dim ond imi gael gweld yn gliriach yn fy meddwl yr hyn yr hoffech imi ei ateb? Ai dweud yr ydych y byddem wedi cael arbediad os nad oeddem wedi gwario'r arian mewn un flwyddyn a'r rhaglen wedi parhau, am nad oeddem wedi cwblhau'r rhaglen mewn un flwyddyn? A fyddai gwahaniaeth gennych aileirio'ch cwestiwn?

[25] Alun Cairns: I am trying to get at two issues. I want to clarify that the underspend in one year is accumulated and carried over to the next year. Is it fair to say that the money will still be spent on those ring-fenced projects?

[25] Alun Cairns: Yr wyf yn ceisio cael at ddau fater. Hoffwn gael eglurhad y caiff y tanwariant mewn un flwyddyn ei gronni a'i gario drosodd i'r flwyddyn nesaf. A yw'n deg dweud y caiff yr arian hwnnw ei wario o hyd ar y prosiectau hynny a glustnodwyd?

Mrs Lloyd: Yes, and that is what deferred expenditure means.

Mrs Lloyd: Ydyw, dyna ystyr gwariant gohiriedig.

[26] Alun Cairns: I accept that, but for initiatives such as substance misuse or smoking cessation, is it fair to say that if they had been initiated when, I assume, the Minister had intended them to have been initiated and the budget had been fully spent, then that could have meant a longer-term saving for the NHS?

[26] Alun Cairns: Derbyniaf hynny, ond yn achos mentrau fel camddefnyddio sylweddau neu beidio ag ysmygu, a yw'n deg dweud, pe baent wedi eu cychwyn ar yr adeg yr oedd y Gweinidog, gellid tybio, wedi bwriadu iddynt gael eu cychwyn a'r gyllideb wedi ei gwario'n llawn, y gallai hynny fod wedi golygu arbediad tymor hwy i'r NHS?

[27] Alison Halford: More people off drugs, more people smoking less.

[27] Alison Halford: Mwy o bobl nad ydynt yn cymryd cyffuriau, mwy o bobl yn ysmygu llai.

Mrs Lloyd: I do not have the evidence to say 'yes' or 'no'. I think that I would have to go on intuition. What we want to do is spend the money for the purposes intended as quickly as we possibly can.

Mrs Lloyd: Ni chredaf fod y dystiolaeth gennyf i allu dweud 'gallai' neu 'na allai'. Credaf y byddai'n rhaid imi ddilyn fy ngreddf. Yr hyn y dymunwn ei wneud yw gwario'r arian i'r dibenion a

However, I would conclude that if we had allocated money for substance misuse for 100 people and the programme slipped, 100 people would still be in receipt of that programme. You get the opportunity costs of the number of people who would have been treated at the front end, who now have to be treated over a longer period of time. I understand what you are getting at now, but I do not think that I can give you the evidence one way or the other. It would have to be an intuitive response.

fwriadwyd cyn gynted ag y gallwn. Fodd bynnag, deuwn i'r casgliad, pe baem wedi dyrannu arian ar gyfer camddefnyddio sylweddau i 100 o bobl a'r rhaglen wedi llithro, y byddai 100 o bobl yn dal i dderbyn y rhaglen honno. Cewch gostau cyfle'r nifer o bobl a fuasai wedi eu trin yn y pen blaen, sydd bellach yn gorfod cael eu trin dros gyfnod amser hwy. Deallaf beth yr ydych yn ceisio cael ato'n awr, ond ni chredaf y gallaf roi'r dystiolaeth i chi'r naill ffordd neu'r llall. Byddai'n rhaid iddo fod yn ymateb wrth reddf.

[28] Alun Cairns: I would have made that assumption.

[28] Alun Cairns: Byddwn i wedi rhagdybio hynny.

Mrs Lloyd: I think that what we need to do is ensure that the money is spent for the purposes intended as quickly as possible.

Mrs Lloyd: Credaf mai'r hyn y mae angen inni ei wneud yw sicrhau y caiff yr arian ei wario i'r dibenion a fwriadwyd cyn gynted â phosibl.

[29] Alun Cairns: Mrs Williams mentioned that it was difficult to engage general practitioners in projects such as general medical services. Are the GPs being bloody-minded in northern Bro Taf?

[29] Alun Cairns: Dywedodd Mrs Williams ei bod yn anodd cael meddygon teulu i gymryd rhan mewn prosiectau fel gwasanaethau meddygol cyffredinol. A yw'r meddygon teulu'n ystyfnig yng ngogledd Bro Taf?

Mrs Williams: I do not think that it is a question of bloody-mindedness. I think that we need to take into account the historical settings of general practice in the Valley communities where there are a number of single-handed practitioners. They work unsupported by partners and have not been in a position to introduce initiatives, such as clinics for people suffering from diabetes or for warfarin monitoring at a practice level in the same way as very large group practices, supported by a range of primary care teams, can. Therefore, we are doing a range of different things to try to prompt single-handed practitioners and those who work two in a practice to come together, network and to employ primary care staff between them and therefore increase the range of services that they

Mrs Williams: Ni chredaf ei fod yn fater o ystyfnigrwydd. Credaf fod angen inni gymryd i ystyriaeth gefndir hanesyddol meddygaeth deulu yng nghymunedau'r Cymoedd lle y mae sawl meddyg ar ei liwt ei hun. Maent yn gweithio heb gymorth partneriaid ac ni fuont mewn sefyllfa i allu cyflwyno mentrau, fel clinigau ar gyfer pobl sydd yn dioddef gan y clefyd siwgr neu fonitro warfarin ar lefel y practis yn yr un modd ag y gall practisiau grŵp mawr iawn, gyda chymorth amryw o dimau gofal sylfaenol. Felly, yr ydym yn gwneud amryw o bethau gwahanol i geisio annog meddygon ar eu liwt eu hunain a'r rhai sydd yn gweithio mewn practisiau o ddau i ddod at ei gilydd, rhwydweithio a defnyddio staff gofal sylfaenol ar y cyd a drwy hynny cynyddu'r amrediad o

offer people. It is not bloody-mindedness, there are huge historical reasons why care in the Valley communities, in Bro Taf, and Gwent in part, have not developed to the same extent as they have, for example, in the centre of Cardiff.

wasanaethau a gynigiant i bobl. Nid ystyfnigrwydd mohono, mae rhesymau hanesyddol mawr iawn pam nad yw gofal yng nghymunedau'r Cymoedd, ym Mro Taf, ac yng Ngwent yn rhannol, wedi datblygu i'r un graddau ag y gwnaethant yng nghanol Caerdydd, er enghraifft.

[30] Alun Cairns: I am grateful for that. On a positive note, is there anything that you would look to the Assembly to do to encourage better engagement with such professionals?

[30] Alun Cairns: Yr wyf yn ddiolchgar am hynny. Ar nodyn cadarnhaol, a oes rhywbeth y disgwyliech i'r Cynulliad ei wneud i hybu gwell cysylltiad gyda gweithwyr proffesiynol o'r fath?

Mrs Williams: As you will know, the Assembly is about to launch its primary care strategy in July. That will set out a clear vision for primary and community services within Wales and will talk a great deal about very innovative ways to deliver primary care and to support single-handed practitioners of the kind that I have mentioned in a broader range of ways so that they can provide better services for their practices.

Mrs Williams: Fel y gwyddoch, mae'r Cynulliad ar fin lansio ei strategaeth gofal sylfaenol yng Ngorffennaf. Bydd honno'n datgan gweledigaeth eglur ar gyfer gwasanaethau sylfaenol a chymunedol oddi mewn i Gymru a bydd llawer o sôn ynddi am ddulliau arloesol iawn o ddarparu gofal sylfaenol a chynorthwyo meddygon ar eu liwt eu hunain o'r math y soniais amdano mewn amrywiaeth ehangach o ffyrdd fel y gallant ddarparu gwell gwasanaethau ar gyfer eu practisiau.

[31] Alun Cairns: So plans are afoot to remedy that?

[31] Alun Cairns: Felly mae cynlluniau ar y gweill i gywiro hynny?

Mrs Williams: Yes.

Mrs Williams: Oes.

[32] Alun Cairns: My next set of questions relates to prompt payment performance. From paragraph 4.14, it seems that prompt payment performance has declined quite considerably. Figure 4 also gives some indication of that. Mrs Williams, you represent Bro Taf, and I cannot help but notice that it is one of the health authorities that is a consistently poor performer and has deteriorated over the last three years in terms of its prompt payment performance. It goes from 70 days almost up to 80 days, rather than the normal 30 days that we would expect. Will you give us an explanation for that?

[32] Alun Cairns: Mae'r set nesaf o gwestiynau sydd gennyf yn ymwneud â'r perfformiad talu prydlon. Yn ôl paragraff 4.14, ymddengys bod y perfformiad talu prydlon wedi dirywio'n eithaf sylweddol. Mae ffigur 4 hefyd yn rhoi rhyw arwydd o hynny. Mrs Williams, yr ydych yn cynrychioli Bro Taf, ac ni allaf beidio â sylwi ei fod yn un o'r awdurdodau iechyd sydd yn berfformiwr gwael cyson a'i fod wedi dirywio dros y tair blynedd diwethaf o ran y perfformiad talu prydlon. Mae'n mynd o 70 diwrnod i bron 80 diwrnod, yn hytrach na'r 30 diwrnod arferol a ddisgwyliem. A wnewch chi roi esboniad i ni am hynny?

Mrs Williams: Actually it is an improvement in performance. What it means is that the percentage of payments made within a 30-day time frame has been increasing and I am pleased to tell you that for 2000-01, we are up to 85 per cent. However, it is 85 per cent of the volume of invoices, but it is 99 per cent of the value. I think that that is something to bear in mind. In fact, within Bro Taf Health Authority, it is only one per cent of the value of those invoices that we do not pay within 30 days. So there is a distinction to be made between the volume and the value. The finance team in Bro Taf is making continuous year-on-year improvements and I am very pleased to report that to the Committee.

Mrs Williams: Mae'n welliant mewn perfformiad mewn gwirionedd. Yr hyn a olyga yw bod y ganran o daliadau a wneir oddi mewn i amserlen o 30 diwrnod wedi cynyddu ac yr wyf yn falch o ddweud wrthych ein bod, am 2000-01, wedi cyrraedd 85 y cant. Fodd bynnag, mae'n 85 y cant o nifer yr anfonebion, ond mae'n 99 y cant o'r gwerth. Credaf fod hynny'n rhywbeth y dylid ei gadw mewn cof. Mewn gwirionedd, oddi mewn i Awdurdod Iechyd Bro Taf, dim ond 1 y cant o werth yr anfonebion hynny na chaiff ei dalu gennym o fewn 30 diwrnod. Felly mae angen gwahaniaethu rhwng y nifer a'r gwerth. Mae'r tîm cyllid ym Mro Taf yn gwneud gwelliannau'n barhaus o flwyddyn i flwyddyn ac yr wyf yn falch iawn o adrodd am hynny i'r Pwyllgor.

[33] Alun Cairns: Thank you for that clarification. I am grateful for that. I draw people's attention to figure 5, which shows us that the University Hospital of Wales and Llandough NHS Trust managed to pay only marginally more than 50 per cent of its invoices within 30 days. Is there an explanation for that?

[33] Alun Cairns: Diolch am yr eglurhad hwnnw. Yr wyf yn ddiolchgar am hynny. Tynnaf sylw at ffigur 5, sydd yn dangos inni fod Ymddiriedolaeth GIG Ysbyty Athrofaol Cymru ac Ysbyty Llandochau wedi llwyddo i dalu dim ond ychydig yn fwy na 50 y cant o'i hanfonebion o fewn 30 diwrnod. A oes esboniad am hynny?

Mrs Lloyd: We believe that this arose as a result of the problems of the merger of those two organisations. We also believe that the merger issue would account for the failures in performance in the other organisations. Again, as Mrs Williams said, this does not represent the percentage of value of the invoices paid. That is always much higher. I think that it would be helpful if we presented that sort of information to the Committee also. From this year onwards, Mrs Beaver and I have agreed that the supply of payment performance, particularly by NHS trusts, will now become a requirement. It will be performance managed again. As you will know, the reason why this indicator came about was because extreme concern was expressed throughout the country that because public services were not paying their bills fast enough, independent

Mrs Lloyd: Credwn fod hyn wedi codi o ganlyniad i broblemau cyfuno'r ddau gorff hynny. Credwn hefyd y byddai mater y cyfuno'n egluro'r methiannau ym mherfformiad y cyrff eraill. Unwaith eto, fel y dywedodd Mrs Williams, nid yw hynny'n cynrychioli'r ganran o werth yr anfonebion a dalwyd. Mae hynny'n uwch o lawer bob amser. Credaf y byddai o gymorth pe baem yn cyflwyno'r math hwnnw o wybodaeth i'r Pwyllgor hefyd. O'r flwyddyn hon ymlaen, mae Mrs Beaver a minnau wedi cytuno y bydd yn ofyniad bellach ddarparu'r perfformiad talu, yn enwedig gan ymddiriedolaethau yr NHS. Daw o dan reolaeth perfformiad eto. Fel y gwyddoch, y rheswm am fodolaeth y dangosydd hwn yw bod pryder difrifol iawn wedi ei fynegi ledled y wlad bod contractwyr annibynnol ac eraill yn dioddef yn ariannol o ran llif

contractors and other people were suffering financially in terms of the cash flow of their businesses. That is why this is so important. The number of invoices paid is one issue, but the value of the invoices paid is equally important. In terms of the supply of payment performance on invoices, I am glad to say that performance is much better in that respect. However, it will become a performance measure now.

arian eu busnesau am nad oedd gwasanaethau cyhoeddus yn talu eu biliau'n ddigon cyflym. Dyna pam y mae hyn mor bwysig. Un mater yw nifer yr anfonebion a delir, ond mae gwerth yr anfonebion a delir yr un mor bwysig. O ran darparu'r perfformiad talu ynghylch anfonebion, yr wyf yn falch o ddweud bod y perfformiad yn well o lawer yn hynny o beth. Fodd bynnag, bydd yn fesurydd perfformiad o hyn ymlaen.

[34] Alun Cairns: I am grateful for that, and I accept the clarification between value and volume. However, I am thinking of a situation where you have a small, independent operator who falls on the wrong side of the fence, whose invoice value might be rather small and therefore would be exposed by these. The difficulties, in terms of what would happen to that small organisation, are obvious. What plans are afoot, therefore, to correct the situation and to prevent the exposure of such independent operators to that risk?

[34] Alun Cairns: Yr wyf yn ddiolchgar am hynny, a derbyniaf yr eglurhad ynghylch gwerth a nifer. Fodd bynnag, yr wyf yn meddwl am sefyllfa lle mae gennych weithredwr annibynnol bach sydd ar ochr anghywir y clawdd, y gallai gwerth ei anfoneb fod braidd yn fach ac a fyddai'n agored i hyn o'r herwydd. Mae'r trafferthion, o ran yr hyn a ddigwyddai i'r corff bach hwnnw, yn amlwg. Pa gynlluniau sydd ar y gweill, felly, i unioni'r sefyllfa a sicrhau na fydd gweithredwyr annibynnol o'r fath yn agored i'r perygl hwnnw?

Mrs Lloyd: It is precisely that fear that has led us to ensure that this now becomes a performance management requirement. It is grossly unfair that such a thing should happen. I am not satisfied with the overall performance on paying bills. The norm is supposed to be 95 per cent. We have plans, which we are now negotiating with the organisations, to increase performance to 95 per cent over the next year.

Mrs Lloyd: Dyna'r union ofn sydd wedi'n harwain i sicrhau y bydd hyn yn ofyniad rheolaeth perfformiad o hyn ymlaen. Mae'n annheg dros ben bod y fath beth yn digwydd. Nid wyf yn fodlon ar y perfformiad cyffredinol ar dalu biliau. Mae'r norm i fod yn 95 y cant. Mae gennym gynlluniau, yr ydym yn eu negodi'n awr gyda'r cyrff, i gynyddu'r perfformiad i 95 y cant dros y flwyddyn nesaf.

[35] Jocelyn Davies: I note from paragraph 4.12 on page 18 of the report that you gave exceptional approval to extend the break-even period for two NHS trusts from three to five years. Was that a case of moving the goalposts to ensure that those trusts can meet their performance targets?

[35] Jocelyn Davies: Nodaf ym mharagraff 4.12 ar dudalen 18 yr adroddiad eich bod wedi rhoi cymeradwyaeth eithriadol i ymestyn y cyfnod cwrdd â chostau i ddwy ymddiriedolaeth NHS o dair i bum mlynedd. A oedd hynny'n enghraifft o symud pyst y gôl er mwyn sicrhau bod yr ymddiriedolaethau hynny'n gallu cyrraedd eu targedau perfformiad?

Mrs Lloyd: No. It was a case of ensuring that the two trusts, which were Ceredigion and Mid Wales NHS Trust and Pembrokeshire and Derwen NHS Trust, were extended from three years—which is the usual recovery time—to five years to ensure that we could have a consistent approach to that recovery plan. That was so they did not take a swingeing swipe at the services and cut them back too hastily to achieve their recovery. There was a great deal of strategic change that had to take place in these two trusts. I am sure you know them both well. In going through the recovery plans with the trusts, we were trying to get rid of the underlying deficit, and to ensure that they could be brought back into line for a consistent and sustainable service, without forcing them into a position whereby they would have to make large savings on services, which, as the cultural change went through the organisations, they would then re-establish. Therefore, you would have an up and down effect. We wanted consistency and we wanted to be completely clear that together we could manage their recovery so that it could be absolutely assured at the end of those five years. Therefore, although most trusts have a three-year break-even duty, we were not being soft on these trusts. We wanted to ensure that patient services could be sustained over a period of time. As a recovery aim, we agreed that their break-even duty could be extended because they had particular difficulties. One trust is extremely small, so to come back into recovery was quite difficult for it.

Mrs Lloyd: Nac oedd. Yr oedd yn enghraifft o sicrhau bod cyfnod y ddwy ymddiriedolaeth, sef Ymddiriedolaeth GIG Ceredigion a Chanolbarth Cymru ac Ymddiriedolaeth GIG Sir Benfro a Derwen, yn cael ei ymestyn o dair blynedd—sef y cyfnod adfer arferol—i bum mlynedd i sicrhau y gallem ymdrin yn gyson â'r cynllun adfer hwnnw. Gwnaethpwyd hynny fel nad oeddent yn estyn ergyd drom at y gwasanaethau ac yn eu cwtogi'n rhy fyrbwyll er mwyn sicrhau adferiad. Yr oedd llawer iawn o newid strategol yn gorfod digwydd yn y ddwy ymddiriedolaeth hyn. Yr wyf yn sicr eich bod yn adnabod y ddwy'n dda. Wrth fynd drwy'r cynlluniau adfer gyda'r ymddiriedolaethau, yr oeddem yn ceisio cael gwared â'r diffyg sylfaenol, a sicrhau y gellid eu cysoni er mwyn cael gwasanaeth cyson a chynaliadwy, heb eu gwthio i sefyllfa lle y byddent yn gorfod gwneud arbedion mawr mewn gwasanaethau, y byddent yn eu hailsefydlu wedyn wrth i'r newid mewn arferion fynd drwy'r cyrff. Felly, caech effaith codi a disgyn. Dymunem gael cysondeb a dymunem fod yn gwbl bendant y gallem reoli eu hadferiad gyda'n gilydd fel y gallai fod yn gwbl sicr ar ddiwedd y pum mlynedd hynny. Felly, er mai dyletswydd i gwrdd â chostau o fewn tair blynedd sydd gan y rhan fwyaf o'r ymddiriedolaethau, nid oeddem yn trin yr ymddiriedolaethau hyn yn ysgafn. Dymunem sicrhau y gellid cynnal gwasanaethau cleifion dros gyfnod o amser. Fel nod adfer, cytunasom y gellid ymestyn eu dyletswydd i gwrdd â chostau am fod ganddynt anawsterau penodol. Mae un ymddiriedolaeth yn fach iawn, felly yr oedd yn eithaf anodd iddi ddechrau adfer.

[36] Jocelyn Davies: Do you think, therefore, that the target was unreasonable?

[36] Jocelyn Davies: A gredwch, felly, fod y targed yn afresymol?

Mrs Lloyd: The target was that they should break even.

Mrs Lloyd: Y targed oedd y dylent gwrdd â'u costau.

[37] Jocelyn Davies: Within three years?

[37] Jocelyn Davies: O fewn tair blynedd?

Mrs Lloyd: Yes, within three years.

Mrs Lloyd: Ie, o fewn tair blynedd.

[38] Jocelyn Davies: Was that unreasonable in the case of these two particular trusts?

[38] Jocelyn Davies: A oedd yn afresymol yn achos y ddwy ymddiriedolaeth arbennig honno?

Mrs Lloyd: I think that in the case of these two trusts, we had to renegotiate that break-even requirement because of their particular circumstances. Major reorganisations were going on, particularly in the mental health service in Pembrokeshire and Derwen NHS Trust, which was something that had been planned for a very long time. We did not want to interfere with the progress of that good work.

Mrs Lloyd: Yn achos y ddwy ymddiriedolaeth hyn, credaf ein bod wedi gorfod ailnegodi'r gofyniad hwnnw i gwrdd â chostau oherwydd eu hamgylchiadau penodol. Yr oedd ad-drefnu helaeth yn mynd ymlaen, yn enwedig yn y gwasanaeth iechyd meddwl yn Ymddiriedolaeth GIG Sir Benfro a Derwen, a oedd yn rhywbeth a gynlluniwyd ers amser hir iawn. Ni ddymunem ymyrryd â chynnydd y gwaith da hwnnw.

[39] Jocelyn Davies: So, if other trusts fail to achieve break-even within three years, will they have an extension as well?

[39] Jocelyn Davies: Felly, os bydd ymddiriedolaethau eraill yn methu cwrdd â'u costau o fewn tair blynedd, a gânt hwy estyniad hefyd?

Mrs Lloyd: I do not think that it is a retrospective extension. The recovery plans to which we have now signed up—with the exception of that of North East Wales NHS Trust, which is still outstanding because of the issues of the sale and reprovision of service premises up there—mean that we are confident that the trusts will be able to achieve the requirements placed on them in a sensible way, without detriment to services over the next three years. Indeed, they are making good progress.

Mrs Lloyd: Nid wyf yn credu ei fod yn estyniad ôl-weithredol. Mae'r cynlluniau adfer y cytunasom arnynt yn awr—heblaw am un Ymddiriedolaeth GIG Gogledd Ddwyrain Cymru, sydd heb ei benderfynu o hyd oherwydd materion gwerthu ac ailddarparu adeiladau gwasanaeth i fyny yn y fan honno—yn golygu ein bod yn ffyddiog y bydd yr ymddiriedolaethau'n gallu cyflawni'r gofynion sydd arnynt mewn modd synhwyrol, heb niweidio gwasanaethau dros y tair blynedd nesaf. Yn wir, maent yn gwneud cynnydd da.

[40] Jocelyn Davies: On page 20 of the report, in paragraph 4.21, the Auditor General states that the Audit Commission has reported concerns about the financial standing of three quarters of NHS trusts in 1999-2000. That is astonishing, particularly when figure 6 on that page

[40] Jocelyn Davies: Ar dudalen 20 yr adroddiad, ym mharagraff 4.21, noda'r Archwilydd Cyffredinol fod y Comisiwn Archwilio wedi adrodd am bryderon ynghylch statws ariannol tri chwarter ymddiriedolaethau yr NHS yn 1999-2000. Mae hynny'n syfrdanol, yn

informs us that there were no acceptable reasons for the absence of agreed recovery plans for two of the trusts in question. What action have you taken to address that serious failure?

enwedig pan yw ffigur 6 ar y tudalen hwnnw'n ein hysbysu nad oedd rhesymau derbyniol dros ddiffyg cynlluniau adfer cytunedig ar gyfer dwy o'r ymddiriedolaethau dan sylw. Pa gamau a gymerasoch i ymdrin â'r methiant difrifol hwnnw?

Mrs Lloyd: This is basically built into the recovery plans that we have with the organisations concerned, all of which have been signed off, with the exception of North East Wales NHS Trust. They are going well. My one concern at the moment is about Powys Health Care NHS Trust, because there is an issue about the closure of a particular ward. I am in discussion with that trust about the achievability of that project, and we shall know that by the end of July. We track the recovery plans very carefully. As you know, Gwent Health Authority and Gwent Healthcare NHS Trust went into recovery this year. They will receive strategic assistance this year and next year. I am due to sign off their recovery plans in July also. They have sent us a draft, but we have sent it back. I think—and I can only speculate on the basis of what I have been told and the reports that I have read relating to this period of the history of NHS Wales—that 1999-2000 signalled a different approach to the management of the financial accountabilities of NHS Wales. That was because there was this need to be honest about the underlying deficits and get rid of them over time so that we could have some stability within the service and then moneys could be directed towards the new programmes that are coming in now. That is why we are very tight on the control of the recovery plans and the organisations' recovery plans. I have, as you know, changed the reporting mechanisms over the past two months so that I formally meet the organisations on a three-monthly basis—I receive monthly reports anyway—so that we can ensure that NHS Wales bodies do not get into

Mrs Lloyd: Yn y bôn, mae hyn wedi ei ymgorffori yn y cynlluniau adfer sydd gennym gyda'r cyrff dan sylw, y cytunwyd ar bob un ohonynt, heblaw am Ymddiriedolaeth GIG Gogledd Ddwyrain Cymru. Maent yn mynd yn dda. Mae'r unig bryder sydd gennyf ar hyn o bryd yn ymwneud ag Ymddiriedolaeth GIG Gofal Iechyd Powys, oherwydd mae dadl ynghylch cau ward benodol. Yr wyf mewn trafodaeth â'r ymddiriedolaeth honno ynghylch y posibilrwydd o gyflawni'r prosiect hwnnw, a byddwn yn gwybod hynny erbyn diwedd Gorffennaf. Yr ydym yn tracio'r cynlluniau adfer yn ofalus iawn. Fel y gwyddoch, mae Awdurdod Iechyd Gwent ac Ymddiriedolaeth GIG Gofal Iechyd Gwent wedi dechrau adfer eleni. Byddant yn derbyn cymorth strategol eleni a'r flwyddyn nesaf. Yr wyf i fod i lofnodi eu cynlluniau adfer yn derfynol yng Ngorffennaf hefyd. Anfonasant ddrafft atom, ond yr ydym wedi ei anfon yn ôl. Credaf—ac ni allaf ond dyfalu ynghylch sail yr hyn a ddywedwyd wrthyf a'r adroddiadau a ddarllenais mewn perthynas â'r cyfnod hwn yn hanes NHS Cymru—fod 1999-2000 yn dangos arwydd o ymagwedd wahanol at reoli atebolrwydd ariannol NHS Cymru. Yr oedd hynny oherwydd yr angen hwn i fod yn onest ynghylch y dyledion sylfaenol ac i gael gwared arnynt dros amser fel y gallem gael rhywfaint o sefydlogrwydd o fewn y gwasanaeth ac wedyn gellid cyfeirio arian tuag at y rhaglenni newydd a gyflwynir yn awr. Dyna pam yr ydym yn llym iawn ynghylch rheoli'r cynlluniau adfer a chynlluniau adfer y cyrff. Fel y gwyddoch, newidiais y mecanweithiau adrodd dros y ddau fis

these spiralling deficits, where they are constantly bailed out and have no real impetus to manage their resources to good effect. We have a way to go, but I think that they have made a very good start. I do not know whether anyone is going to ask about Dyfed Powys Health Authority, but I think that I could exemplify that good start through that health authority.

diwethaf fel y gallaf gyfarfod yn ffurfiol â'r cyrff bob tri mis—derbyniaf adroddiadau misol p'run bynnag—fel y gallwn sicrhau nad yw cyrff NHS Cymru yn mynd i'r diffygion cynyddol hyn, lle y cânt eu hachub o hyd a lle nad oes symbyliad gwirioneddol iddynt reoli eu hadnoddau'n effeithiol. Ni wn a fydd rhywun yn holi am Awdurdod Iechyd Dyfed Powys, ond credaf y gallwn ddangos enghraifft o'r cychwyniad da hwnnw drwy'r awdurdod iechyd hwnnw.

[41] Jocelyn Davies: The table on page 20 of the report states that there are two trusts that do not have acceptable reasons for the absence of agreed recovery plans, although it does not name the trusts. You would, therefore, challenge that and say that it is not correct?

[41] Jocelyn Davies: Mae'r tabl ar dudalen 20 yr adroddiad yn nodi bod dwy ymddiriedolaeth nad oes ganddynt resymau derbyniol dros ddiffyg cynlluniau adfer cytunedig, er nad yw'n enwi'r ymddiriedolaethau. Byddech, felly, yn herio hynny ac yn dweud nad yw'n gywir?

Mrs Lloyd: That has now been done. They have done them, except for North East Wales NHS Trust. I am not dissatisfied with North East Wales NHS Trust's plans, it is just that some of its recovery depends on the business cases for the reprovision of services, which we are now considering. Therefore, we have held back on approving its recovery plan until we can sign the two things off together.

Mrs Lloyd: Gwnaethpwyd hynny bellach. Maent wedi eu gwneud, heblaw am Ymddiriedolaeth GIG Gogledd Ddwyrain Cymru. Nid wyf yn anfodlon ar gynlluniau Ymddiriedolaeth GIG Gogledd Ddwyrain Cymru, nid yw ond yn fater bod rhywfaint o'i hadferiad yn dibynnu ar yr achosion busnes ar gyfer ailddarparu gwasanaethau, yr ydym yn eu hystyried yn awr. Felly, ymatalasom rhag cymeradwyo ei chynllun adfer hyd nes y gallwn gytuno ar y ddau beth gyda'i gilydd.

[42] Jocelyn Davies: Therefore, the two trusts that you mentioned were the two—

[42] Jocelyn Davies: Felly, y ddwy ymddiriedolaeth y soniasoch amdanynt oedd y ddwy—

Mrs Lloyd: One is North East Wales NHS Trust, and I think that the other was Powys Health Care NHS Trust.

Mrs Lloyd: Un yw Ymddiriedolaeth GIG Gogledd Ddwyrain Cymru, a chredaf mai'r llall oedd Ymddiriedolaeth GIG Gofal Iechyd Powys.

Mrs Beaver: Well, the plans have been agreed.

Mrs Beaver: Wel, cytunwyd ar y cynlluniau.

Mrs Lloyd: Yes, they have been agreed.

Mrs Lloyd: Do, cytunwyd arnynt.

[43] Jocelyn Davies: Thank you.

Mrs Beaver: We did not have the plans, at the time, for Cardiff and Vale NHS Trust and the Welsh Ambulance Services NHS Trust. They have now been signed off.

Mrs Lloyd: The plans have all been signed off now, apart from one.

[44] Jocelyn Davies: Thank you.

Mrs Beaver: We did feel it very important to ensure that we were fully satisfied with those plans before they were signed off, rather than just signing them off for the sake of signing them off.

[45] Lorraine Barrett: I would like to continue the questioning on the recovery plans and look at progress. I will be asking about Dyfed Powys Health Authority, Mrs Lloyd, so perhaps you can take this opportunity to expand on that, as you have already answered a fair bit of what I will ask now.

Looking at last year, this Committee had some particular concern over the financial problems associated with Dyfed Powys Health Authority. I think that I was a member of the Committee at that time. Since then, Dyfed Powys has been the subject of a public interest report by the district auditor. What action have you taken to address that authority's substantial accumulated deficit, which stood at more than £30 million on 31 March 2000? Do you have an estimate of Dyfed Powys Health Authority's accumulated deficit at March 2001? Also—I am sorry, I should not lump all of this on you; perhaps I should wait until you have answered those questions—I wonder what your view is now that the

[43] Jocelyn Davies: Diolch.

Mrs Beaver: Nid oedd cynlluniau Ymddiriedolaeth GIG Caerdydd a'r Fro ac Ymddiriedolaeth GIG Gwasanaethau Ambiwlans Cymru gennym, ar y pryd. Maent bellach wedi eu llofnodi'n derfynol.

Mrs Lloyd: Mae'r holl gynlluniau wedi eu llofnodi'n derfynol yn awr, heblaw am un.

[44] Jocelyn Davies: Diolch.

Mrs Beaver: Yr oeddem yn teimlo ei bod yn bwysig iawn sicrhau ein bod yn gwbl fodlon ar y cynlluniau hynny cyn eu llofnodi'n derfynol, yn hytrach na'u llofnodi'n derfynol er mwyn eu llofnodi'n derfynol.

[45] Lorraine Barrett: Hoffwn barhau â'r cwestiynu ar y cynlluniau adfer ac ystyried y cynnydd. Byddaf yn holi ynghylch Awdurdod Iechyd Dyfed Powys, Mrs Lloyd, felly efallai y gallwch achub ar y cyfle hwn i ymhelaethu ar hynny, gan eich bod eisoes wedi ateb eithaf dipyn o'r hyn y byddaf yn ei ofyn yn awr.

Gan edrych ar y flwyddyn ddiwethaf, yr oedd gan y Pwyllgor hwn ryw bryder penodol ynghylch y problemau sydd yn gysylltiedig ag Awdurdod Iechyd Dyfed Powys. Credaf fy mod yn aelod o'r Pwyllgor y pryd hwnnw. Ers hynny, bu Dyfed Powys yn destun adroddiad buddiant cyhoeddus gan yr archwilydd dosbarth. Pa gamau a gymerasoch i ymdrin â diffyg cronedig sylweddol yr awdurdod hwnnw, a oedd yn fwy na £30 miliwn yn 31 Mawrth 2000? A oes gennych amcangyfrif o ddiffyg cronedig Awdurdod Iechyd Dyfed Powys ym Mawrth 2001? Hefyd—mae'n ddrwg gennyf, ni ddylwn bentyrru hyn oll ar eich pen chi; efallai y dylwn ddisgwyl hyd nes byddwch wedi ateb y cwestiynau

health authority is to be abolished? Will that have any effect on how you might deal with this deficit? Will it, possibly, be ignored, or will you still deal with it as effectively as you would have had the health authority continued to exist?

hynny—tybed beth yw'ch barn a'r awdurdod iechyd bellach i'w ddiddymu? A gaiff hynny unrhyw effaith ar y modd y gallech drafod y diffyg hwn? A gaiff ei anwybyddu, o bosibl, neu a fyddwch yn ymdrin ag ef mor effeithiol ag y byddech pe byddai'r awdurdod iechyd yn parhau mewn bodolaeth?

Mrs Lloyd: Chair, may I just clarify one point? Do you mean 'debts' or 'deficits'?

Mrs Lloyd: Gadeirydd, a gaf eglurhad ar un pwynt? A ydych yn golygu 'dyledion' neu 'ddiffygion'?

[46] Lorraine Barrett: The accumulated deficit, which, on table 7 on page 29 of the Auditor General's report, is listed as £30 million at March 2000. I just wondered what it was in March 2001.

[46] Lorraine Barrett: Y diffyg cronedig y nodir, yn nhabl 7 ar dudalen 29 o adroddiad yr Archwilydd Cyffredinol, ei fod yn £30 miliwn ym Mawrth 2000. Yr oeddwn yn meddwl tybed beth ydoedd ym Mawrth 2001.

Mrs Lloyd: If I can ask Mrs Beaver, Chair, to give you the detail, then I will go on to talk about Dyfed Powys itself.

Mrs Lloyd: Gadeirydd, os caf ofyn i Mrs Beaver roi'r manylion i chi, af ymlaen wedyn i sôn am Ddyfed Powys ei hun.

Mrs Beaver: We are still in the state where we only have draft accounts in from the health authority and the trusts for the financial year 2000-01. There is also an accounting policy issue as to whether the strategic assistance that is referred to in the text—£5.7 million—and which we agreed to provide the authority for the last financial year but which was not, in the event, needed, should be taken into account and recognised in its accounts for the last financial year as income, or in the current financial year, when the expenditure will actually be incurred. Therefore, you will have to forgive me, but there is a little bit of uncertainty as to the actual position. There is also continued uncertainty about the prescribing expenditure, where it does not have up-to-date data. Therefore, we cannot actually give you a final position. However, at the moment, it is forecasting a surplus in the health community of about £5 million. Now, because it had an accumulated deficit at that stage of £30.3 million, you could assume that the deficit

Mrs Beaver: Yr ydym yn dal i fod yn y sefyllfa lle'r ydym wedi derbyn cyfrifon drafft yn unig oddi wrth yr awdurdod iechyd a'r ymddiriedolaethau ar gyfer y flwyddyn ariannol 2000-01. Mae cwestiwn o bolisi cyfrifo hefyd ynghylch a yw'r cymorth strategol y cyfeirir ato yn y testun—£5.7 miliwn—ac y cytunasom i'w ddarparu i'r awdurdod ar gyfer y flwyddyn ariannol ddiwethaf ond nad oedd ei angen, fel y digwyddodd, i'w gymryd i ystyriaeth a'i gydnabod yn ei gyfrifon ar gyfer y flwyddyn ariannol ddiwethaf fel incwm, neu yn y flwyddyn ariannol gyfredol, pan fydd y gwariant yn digwydd mewn gwirionedd. Felly, bydd yn rhaid ichi faddau i mi, ond mae ychydig bach o ansicrwydd ynghylch y wir sefyllfa. Mae ansicrwydd parhaus hefyd ynghylch y gwariant rhagnodi, lle nad oes ganddo ddata cyfoes ar ei gyfer. Felly, ni allwn roi'r sefyllfa derfynol i chi mewn gwirionedd. Fodd bynnag, ar hyn o bryd, mae'n rhagfynegi gwarged yn y gymuned iechyd o tua £5 miliwn. Yn awr, am fod ganddo ddiffyg cronedig

would be £25 million. However, quite honestly, I expect that to change, because we are in discussion with auditors to find out how they want us to treat the strategic assistance that we have pledged to provide, but for which the expenditure will only be incurred this year.

bryd hynny o £30.3 miliwn, gallech gymryd y byddai'r diffyg yn £25 miliwn. Fodd bynnag, a bod yn gwbl onest, disgwyliaf i hynny newid, oherwydd yr ydym mewn trafodaeth â'r archwilwyr i ddarganfod sut y dymunant inni drin y cymorth strategol yr ydym wedi addo ei ddarparu, ond y bydd y gwariant arno yn y flwyddyn hon yn unig.

[47] Lorraine Barrett: Are you confident that this will be pursued vigorously, even with the demise of health authorities?

[47] Lorraine Barrett: A ydych yn sicr yr eir ar ôl hyn yn egnïol, hyd yn oed gyda thranc yr awdurdodau iechyd?

Mrs Lloyd: Yes, indeed. In fact, I did the annual review of Dyfed Powys as a community yesterday. As you know, we put a £16 million investment plan in to Dyfed Powys, which I think it has used in a constructive and creative way. First, it used it non-recurringly to assist with some of the targets, but it would not release the money until it was assured itself that there was some modernisation of the services going on, and that clinical networks were properly managed and delivered. That actually makes the organisations as a whole much more efficient, and it means that patients can get to the right place for the right sort of care and treatment.

Mrs Lloyd: Ydwyf, yn wir. Mewn gwirionedd, gwneuthum yr adolygiad blynyddol ar Ddyfed Powys fel cymuned ddoe. Fel y gwyddoch, rhoesom gynllun buddsoddi £16 miliwn i Ddyfed Powys, y credaf iddo ei ddefnyddio'n adeiladol ac yn greadigol. Yn gyntaf, fe'i defnyddiodd ar sail achlysurol i helpu gyda rhai o'r targedau, ond ni fynnai ryddhau'r arian nes ei fod wedi cael sicrwydd bod rhywfaint o foderneiddio yn digwydd yn y gwasanaethau, a bod y rhwydweithiau clinigol wedi eu rheoli a'u darparu'n briodol. Mae hynny, mewn gwirionedd, yn peri i'r corff cyfan fod yn llawer mwy effeithlon, a golyga y gall y cleifion gyrraedd y lle iawn ar gyfer y math iawn o ofal a thriniaeth.

I feel that a grip is being got on Dyfed Powys. It certainly spoke with one voice yesterday. It was clear about its plans for the future; it was clear about the investments and the financial controls it was going to exercise, and it had made a great deal of progress in the last year. The Health and Social Services Committee received a written update on its public interest report in May. I await its comments on that. Certainly, there was a view that there was much more stringent financial control being exercised in all the organisations. The plans were clear. It was being managed as a unity, which was really important. The clinical networks were coming along fine. The local health

Teimlaf fod gafael ar Ddyfed Powys. Yn sicr, siaradodd ag un llais ddoe. Yr oedd yn bendant ynghylch ei gynlluniau ar gyfer y dyfodol; yr oedd yn bendant ynghylch y buddsoddiadau a'r rheolaethau ariannol yr oedd am eu harfer, a gwnaeth lawer iawn o gynnydd yn y flwyddyn ddiwethaf. Derbyniodd y Pwyllgor Iechyd a Gwasanaethau Cymdeithasol ddiweddariad ysgrifenedig i'w adroddiad buddiant cyhoeddus ym Mai. Yr wyf yn disgwyl ei sylwadau ar hynny. Yn sicr, datganwyd y farn bod rheolaeth ariannol lawer mwy caeth yn cael ei harfer yn yr holl gyrff. Yr oedd y cynlluniau'n glir. Fe'i rheolid fel uned, a oedd yn wirioneddol bwysig. Yr oedd y

groups were starting to manage prescription budgets much better and the general medical services budget much more effectively. So, on the outcome of yesterday, I have more confidence than probably we would have had a year ago.

rhwydweithiau clinigol yn dod yn eu blaen yn dda. Yr oedd y grwpiau iechyd lleol yn dechrau rheoli cyllidebau presgripsiwn yn well o lawer a'r gyllideb gwasanaethau meddygol cyffredinol yn llawer mwy effeithiol. Felly, ar sail y canlyniad ddoe, mae gennyf fwy o hyder nag y buasai gennym flwyddyn yn ôl, yn ôl pob tebyg.

[48] Lorraine Barrett: Paragraph 4.25, on page 21 of the Auditor General's report, states that

'the appointed auditors of Carmarthenshire NHS Trust and Powys Healthcare NHS Trust considered their recovery plans to be inadequate'.

Do you agree with that assessment, and what is being done to address the situation?

[48] Lorraine Barrett: Noda paragraff 4.25, ar dudalen 21 adroddiad yr Archwilydd Cyffredinol fod

'Ymddiriedolaeth GIG Sir Gaerfyrddin ac Ymddiriedolaeth GIG Gofal Iechyd Powys yn ystyried bod eu cynlluniau adfer yn annigonol'.

A gytunwch â'r asesiad hwnnw, a beth a wneir i ymdrin â'r sefyllfa?

Mrs Lloyd: At that time, yes, they were inadequate. I still have some concerns about Powys and the timing of the achievability of its recovery plan. The recovery plan is quite large for a service with an income of the magnitude that it is. I have been in discussions with the chief executive of that organisation and the chief executive of Dyfed Powys Health Authority about the achievability of its particular recovery plan. I have asked for a further update in the middle of July to ensure that the forecast of their recovery is on track. As I said, we have the issue of the timing of the closure of Monnow ward and I have asked for further work to be done on that and on any new cost pressures. That trust had a particular problem with the European Working Time Directive, and I have asked for assurance that it is managing that effectively now.

Mrs Lloyd: Y pryd hynny, oeddent, yr oeddent yn annigonol. Mae gennyf rai pryderon o hyd ynghylch Powys a'r amseru ar gyfer cyflawni ei chynllun adfer. Mae'r cynllun adfer yn eithaf mawr i wasanaeth ag incwm o'r maint hwnnw. Bûm mewn trafodaethau â phrif weithredwr y corff hwnnw a phrif weithredwr Awdurdod Iechyd Dyfed Powys ynghylch y gallu i gyflawni ei gynllun adfer penodol. Gofynnais am ddiweddariad pellach ganol Gorffennaf i sicrhau bod y rhagolwg o'u hadferiad ar y trywydd iawn. Fel y dywedais, mae gennym y mater ynghylch amseru cau ward Mynwy a gofynnais am wneud gwaith pellach ar hynny ac ar unrhyw bwysau costau newydd. Yr oedd gan yr ymddiriedolaeth honno broblem benodol mewn cysylltiad â'r Gyfarwyddeb Amser Gweithio Ewropeaidd, a gofynnais am sicrwydd ei bod yn rheoli hynny'n effeithiol yn awr.

Carmarthenshire NHS Trust is under considerable scrutiny, as you will know. The recovery plan has been made much

Mae cryn archwilio ar Ymddiriedolaeth GIG Sir Gaerfyrddin, fel y gwyddoch. Mae'r cynllun adfer wedi ei gryfhau'n

more robust. The health authority's chief executive believes that it can be achieved, but again we are, because there was such concern about Dyfed Powys, treating it almost as a special case for scrutiny at the moment. Hence the review yesterday and the very careful updates that we have with it on a regular basis.

fawr. Cred prif weithredwr yr awdurdod iechyd y gellir ei gyflawni ond, unwaith eto, am fod y fath bryder ynghylch Dyfed Powys, yr ydym yn ei drin bron fel achos arbennig i'w archwilio ar hyn o bryd. Dyna'r rheswm am yr adolygiad ddoe a'r diweddariadau manwl iawn a gawn gydag ef yn rheolaidd.

[49] Janet Davies: We will turn now to reconfiguration and restructuring. On page 13, table 3 sets out the forecast of restructuring costs and savings made by national health service bodies, and the actual performance to 31 March 2000. That shows a considerable variance, although fortunately in the right direction, between the forecast and actual positions. How can you manage the reconfiguration and restructuring effectively when the financial forecasting abilities of the NHS bodies themselves are so poor?

[49] Janet Davies: Trown yn awr at ailgyflunio ac ailstrwythuro. Ar dudalen 13, mae tabl 3 yn nodi'r rhagolwg o gostau ac arbedion ailstrwythuro a wnaethpwyd gan gyrff y gwasanaeth iechyd gwladol, a'r gwir berfformiad hyd at 31 Mawrth 2000. Mae hynny'n dangos cryn wahaniaeth, er bod hynny yn y cyfeiriad iawn, yn ffodus, rhwng y rhagolwg a'r sefyllfaoedd gwirioneddol. Sut y gallwch reoli'r ailgyflunio a'r ailstrwythuro'n effeithiol pan yw galluoedd rhagfynegi ariannol y cyrff NHS eu hunain mor wael?

Mrs Lloyd: I think that this is a lesson for the future and for the demise of the health authorities. We have to work much more closely with the organisations concerned to try to ensure that staff can be placed at a much earlier time than was the case in the last reconfiguration. You will recall that appointments were being made for senior posts only about four months before the organisations came into effect. The structures report for consultation will be placed before the Health and Social Services Committee on 18 July by the Minister. As detailed work on the structures that will emanate from the changes highlighted in 'Improving Health in Wales' start to be worked through during the summer, we should be able to give a much more accurate forecast of which groups of staff are likely to fit into which organisations for the future, so that we can more accurately forecast whether or not there needs to be relocation and whether or not there would be any redundancies. We will be able to start the discussion with the staff at a much earlier

Mrs Lloyd: Credaf fod hyn yn wers ar gyfer y dyfodol ac ar gyfer diwedd yr awdurdodau iechyd. Rhaid inni weithio'n agosach o lawer â'r cyrff dan sylw i geisio sicrhau y gellir lleoli staff yn gynharach o lawer nag a ddigwyddodd yn yr ailgyflunio diwethaf. Byddwch yn cofio bod penodiadau wedi eu gwneud i'r swyddi uwch tua phedwar mis yn unig cyn i'r cyrff ddod yn weithredol. Rhoddir yr adroddiad strwythurau ar gyfer ymgynghori gerbron y Pwyllgor Iechyd a Gwasanaethau Cymdeithasol ar 18 Gorffennaf gan y Gweinidog. Wrth ddechrau mynd drwy'r gwaith manwl ar y strwythurau a fydd yn deillio o'r newidiadau y tynnir sylw atynt yn 'Gwella Iechyd yng Nghymru' yn ystod yr haf, dylem allu rhoi rhagolwg llawer mwy manwl o'r grwpiau staff sydd yn debygol o ffitio i ba gyrff ar gyfer y dyfodol, fel y gallwn ragfynegi'n fwy manwl gywir a oes angen ail-leoli ac a fyddai unrhyw ddiswyddiadau. Byddwn yn gallu cychwyn y drafodaeth â'r staff yn gynharach o lawer. Bydd gennym well

time. We will have a better idea of where vacancies might arise, because some of the requirements for implementing 'Improving Health in Wales' will require different types of organisations for the future. Hopefully, if we can start that process earlier, we should be able to predict better and more accurately what the costs and benefits of reorganisation and the implementation of 'Improving Health in Wales' might be.

syniad o ble y gallai swyddi gwag godi, oherwydd bydd rhai o'r gofynion ar gyfer gweithredu 'Gwella Iechyd yng Nghymru' yn galw am wahanol fathau o gyrff ar gyfer y dyfodol. Gobeithiaf, os gallwn gychwyn y broses honno'n gynharach, y dylem allu rhagfynegi'n well ac yn gywirach gostau a buddion ad-drefnu a gweithredu 'Gwella Iechyd yng Nghymru'.

I think that, from the point of view of producing a business plan for merged organisations, there is always a temptation to go for the worst case scenario. For example, both chief executives of two merging organisations might have been found not to be fit for purpose. Therefore, having merged two organisations, I know that the business case kept on being thrown back until we accounted for both chief executives being made redundant. So, one has to take a somewhat gloomy view of where the situation might lead us, because it would be very difficult indeed to have to stand in front of the Audit Committee and say, 'I'm sorry, we got it wrong and the bill is enormous'. Although being prudent is important, I think that we would like to go for an accurate and prudent forecast for the next part of implementing 'Improving Health in Wales'. I am extremely glad that the hard work done by both the health authorities and the trusts in the last reorganisation in Wales was effective and that much talent was not lost, but redirected and re-utilised, therefore reducing the cost to the public purse.

Credaf, o ran cynhyrchu cynllun busnes ar gyfer y cyrff cyfunedig, fod temtasiwn bob amser i ddewis senario yr achos gwaethaf. Er enghraifft, gallesid cael bod dau brif weithredwr dau gorff sydd yn cyfuno yn anaddas i'r pwrpas. Felly, ar ôl cyfuno dau gorff, gwn fod yr achos busnes yn dal i gael ei daflu'n ôl nes inni roi cyfrif am ddiswyddo'r ddau brif weithredwr. Felly, rhaid i rywun edrych yn eithaf prudd ar ben draw posibl y sefyllfa hon, oherwydd byddai'n anodd dros ben gorfod sefyll gerbron y Pwyllgor Archwilio a dweud, 'Mae'n ddrwg gennyf, gwnaethom gamgymeriad ac mae'r bil yn anferth'. Er ei bod yn bwysig bod yn ochelgar, credaf yr hoffem geisio cael rhagolwg cywir a gochelgar ar gyfer y rhan nesaf o weithredu 'Gwella Iechyd yng Nghymru'. Yr wyf yn falch dros ben bod y gwaith caled a wnaethpwyd gan yr awdurdodau iechyd a'r ymddiriedolaethau yn yr ad-drefnu diwethaf yng Nghymru yn effeithiol ac na chollwyd llawer o ddoniau, ond iddynt gael eu hailgyfeirio a'u hailddefnyddio, gan leihau'r gost i'r pwrs cyhoeddus.

[50] Janet Davies: Thank you. You have just raised one of the issues that was in my mind, namely that people looked at the worst case scenario because they were worried about that happening and felt that they were playing safe, in a way. From what you have said, would I be right in assuming that you are revising the

[50] Janet Davies: Diolch. Yr ydych newydd godi un o'r materion a oedd yn fy meddwl, sef bod pobl yn edrych ar senario'r achos gwaethaf am eu bod yn poeni y byddai hynny'n digwydd ac yn teimlo eu bod yn chwarae'n saff, ar ryw ystyr. O'r hyn a ddywedasoch, a fyddwn yn iawn wrth gymryd eich bod yn

original forecast costs and savings?

adolygu'r costau a'r arbedion a ragfynegwyd yn wreiddiol?

Mrs Lloyd: We have not considered revising the forecasts at the moment. However, we are keeping a very careful check on running forward for the next few years what the savings will actually be. The forecast has to stay because I am never very happy about adjusted forecasts. I think that it is useful for the Assembly to have the first forecast to which they signed up and then what actually happened, rather than having a revised forecast. Certainly, in cash management, I hate revised forecasts because they does not give you the starting point and your original assumptions and, therefore, it is very difficult to learn lessons for the future if you start a revision in-year or in-programme. Unless the auditors advise us that that would be the right or prudent thing to do, we will maintain the original forecast in this case.

Mrs Lloyd: Nid ydym wedi ystyried adolygu'r rhagolygon ar hyn o bryd. Fodd bynnag, yr ydym yn cadw rheolaeth ofalus iawn ar redeg ymlaen am y blynyddoedd nesaf hyn i weld beth fydd yr arbedion mewn gwirionedd. Rhaid i'r rhagolwg aros yn ei le oherwydd nid wyf byth yn fodlon iawn ynghylch rhagolygon cymwysedig. Credaf ei bod o gymorth i'r Cynulliad gael y rhagolwg cyntaf a lofnodwyd ganddynt a'r hyn a ddigwyddodd mewn gwirionedd, yn hytrach na chael rhagolwg adolygedig. Yn sicr, mewn rheolaeth ar arian, mae'n gas gennyf ragolygon adolygedig oherwydd nad ydynt yn rhoi'r man cychwyn a'ch rhagdybiaethau gwreiddiol i chi ac, felly, mae'n anodd iawn dysgu gwersi ar gyfer y dyfodol os ydych yn cychwyn adolygiad yn ystod y flwyddyn neu yn ystod y rhaglen. Oni bai fod yr archwilwyr yn ein cynghori mai hynny fyddai'r peth iawn neu bwyllog i'w wneud, byddwn yn cadw'r rhagolwg gwreiddiol yn yr achos hwn.

[51] Janet Davies: Thank you very much.

[51] Janet Davies: Diolch yn fawr.

[52] Alison Halford: Is reconfiguration the same as restructuring?

[52] Alison Halford: Ai'r un peth yw ailgyflunio ac ailstrwythuro?

Mrs Lloyd: No, not really. Reconfiguration has, in the health service, usually been applied to the merging or demerging of provider organisations. Restructuring, I think, is a little more fundamental in that you are looking at new organisations coming on-stream that might have different purposes, and at the reallocation of responsibilities and roles throughout health organisations. Reconfiguration, as generally applied in the evidence and research in the health service, has usually meant mergers, demergers and so on, and in some instances, way back in the 1980s, the reconfiguration of health authorities

Mrs Lloyd: Nage, nid mewn gwirionedd. Yn y gwasanaeth iechyd, cymhwyswyd ailgyflunio fel arfer at gyfuno neu ddatgyfuno cyrff darparu. Mae ailstrwythuro, yr wyf yn credu, ychydig yn fwy sylfaenol i'r graddau eich bod yn edrych ar gyrff newydd yn cychwyn a allai fod â dibenion gwahanol, ac ar ailddyrannu cyfrifoldebau a rolau drwy'r cyrff iechyd. Fel arfer, mae ailgyflunio, fel y'i defnyddir yn gyffredinol yn y dystiolaeth a'r ymchwil yn y gwasanaeth iechyd, wedi golygu cyfuniadau, datgyfuniadau ac yn y blaen, ac mewn rhai achosion, ymhell yn ôl yn y 1980au, ailgyflunio awdurdodau iechyd ac yn y

and so on. Restructuring, I think, is much more profound. It signals a change in the responsibilities of organisations. Reconfiguration usually frightens health service personnel to death because it usually means wholesale change and difficulties, and two organisations going into one, or even three going into one. In 'Improving Health in Wales', we are signalling a very different approach to the way in which health care might be provided through organisations, hence it is restructuring. However, it might be a question of semantics.

blaen. Mae ailstrwythuro, yr wyf yn credu, yn fwy sylfaenol o lawer. Mae'n dangos arwydd o newid yng nghyfrifoldebau cyrff. Mae ailgyflunio'n codi arswyd ar weithwyr y gwasanaeth iechyd fel arfer am ei fod yn golygu newid ar raddfa eang ac anawsterau, a dau gorff yn mynd yn un, neu hyd yn oed dri yn mynd yn un. Yn 'Gwella Iechyd yng Nghymru', yr ydym yn dangos arwydd o ymagwedd wahanol iawn at y modd y gellid darparu gofal iechyd drwy gyrff, felly ailstrwythuro ydyw. Fodd bynnag, gallai fod yn fater o semanteg.

[53] Alison Halford: Is it or is it not semantics?

[53] Alison Halford: Ai semanteg ydyw ai peidio?

Mrs Lloyd: I would rather think that it was not, but some people might think that it was.

Mrs Lloyd: Byddai'n well gennyf feddwl nad ydyw, ond gallai rhai gredu ei fod.

[54] Alison Halford: When did the last reconfiguration take place? Does restructuring and reconfiguration have to happen at the same time or, to go back to your point on semantics, can you do one without the other?

[54] Alison Halford: Pa bryd y digwyddodd yr ailgyflunio diwethaf? A oes rhaid i ailstrwythuro ac ailgyflunio ddigwydd yr un pryd neu, a mynd yn ôl at eich pwynt am semanteg, a allwch wneud un heb y llall?

Mrs Lloyd: You can do them both at the same time, depending on the powers that are attributed to health communities, which are usually given under statutory instrument.

Mrs Lloyd: Gallwch wneud y ddau yr un pryd, yn ôl y pwerau a briodolir i'r cymunedau iechyd, a roddir fel arfer dan offeryn statudol.

[55] Alison Halford: I want to ask you about health authorities, and I think that the Chair has raised some issues concerning them. What benefits do you expect to arise from the proposed abolition of the health authorities in Wales?

[55] Alison Halford: Hoffwn eich holi ynghylch yr awdurdodau iechyd, a chredaf fod y Cadeirydd wedi codi rhai materion yn eu cylch. Pa fanteision yr ydych yn disgwyl a ddaw o ddiddymiad arfaethedig yr awdurdodau iechyd yng Nghymru?

Mrs Lloyd: The fundamental benefit of abolishing health authorities in Wales should be to provide, commission and secure local services in a local context, by local groups; hence the building on the powers of local health groups to secure primary and community care services and

Mrs Lloyd: Y fantais sylfaenol y dylid ei chael o ddiddymu'r awdurdodau iechyd yng Nghymru yw darparu, comisiynu a sicrhau gwasanaethau lleol mewn cyd-destun lleol, gan grwpiau lleol; sef y rheswm dros ddatblygu pwerau grwpiau iechyd lleol er mwyn sicrhau

to inform about the securing of secondary care services throughout Wales. That will, therefore, achieve a greater responsiveness to local circumstances, involve partners in local government more fully in the plans and proposals for the way that healthcare is delivered, and achieve local ownership. It also removes a tier of bureaucracy—if you would wish to use that word—and will mean that the lines of accountability from the local level to the Assembly will be much more direct.

gwasanaethau gofal sylfaenol a chymunedol ac i oleuo'r gwaith o sicrhau gwasanaethau iechyd eilaidd ledled Cymru. Bydd hynny, felly, yn sicrhau mwy o ymatebolrwydd i amgylchiadau lleol, yn cynnwys partneriaid mewn llywodraeth leol yn fwy cyflawn yn y cynlluniau a'r cynigion ynghylch y dull o ddarparu gofal iechyd, ac yn sicrhau perchnogaeth leol. Mae hefyd yn dileu haen o fiwrocratiaeth—os dymunech ddefnyddio'r gair hwnnw—a bydd yn golygu bod y llinellau atebolrwydd o'r lefel leol i'r Cynulliad yn fwy uniongyrchol o lawer.

[56] Alison Halford: To return to some of the answers that you gave to the Chair—I had a large lunch, which was rather stupid of me, so I might have missed one or two points—I think that you indicated that you are not entirely sure what savings will be made until certain processes have taken place.

[56] Alison Halford: Gan fynd yn ôl at rai o'r atebion a roesoch i'r Cadeirydd—cefais ginio mawr, a oedd braidd yn wirion ar fy rhan, felly efallai fy mod wedi methu un neu ddau o bwyntiau—credaf ichi nodi nad ydych yn gwbl sicr pa arbedion a wneir nes bydd rhai prosesau wedi digwydd.

Mrs Lloyd: Yes.

Mrs Lloyd: Do.

[57] Alison Halford: So how are you able to tell us what cost savings you will make as a result of the disbanding of the health authorities?

[57] Alison Halford: Felly sut y gallwch ddweud wrthym ba arbedion cost a wnewch o ganlyniad i chwalu'r awdurdodau iechyd?

Mrs Lloyd: I have not yet.

Mrs Lloyd: Ni wneuthum eto.

[58] Alison Halford: So how do we know that it is a good thing?

[58] Alison Halford: Felly sut y gwyddom ei fod yn beth da?

Mrs Lloyd: Again, it is not an issue of cost savings. It is absolutely essential that it does not cost more. However, if you look at the principles in 'Improving Health in Wales', the idea is that we should have much more locally-owned and commissioned services to more accurately match the healthcare needs of the local population, and to try to eradicate the inequalities that exist at the moment.

Mrs Lloyd: Unwaith eto, nid yw'n fater o arbedion cost. Mae'n gwbl hanfodol nad yw'n costio mwy. Fodd bynnag, os edrychwch ar yr egwyddorion yn 'Gwella Iechyd yng Nghymru', y syniad yw y dylem gael llawer mwy o wasanaethau a berchenogir ac a gomisiynir yn lleol er mwyn cyfateb yn fanylach i anghenion gofal iechyd y boblogaeth leol, a cheisio dileu'r anghydraddoldebau sydd yn bodoli ar hyn o bryd.

[59] Alison Halford: But you must be

[59] Alison Halford: Ond rhaid eich bod

able to assess what the removal of that tier of bureaucracy will cost?

Mrs Lloyd: The job has still got to be done. The roles and responsibilities of the health authorities must be assigned to either the local or the national level. When you look at the structural paper that will be produced within the next month, it will be clear which responsibilities have to come up to the national level and which responsibilities can be delegated to the local level. We are not just trying to reassign responsibility—which is vitally important, because the health authorities do a substantive job at the moment—but actually to start to modernise and develop the services to reduce the inequalities, of which we are all aware, and to ensure that they can be tightly managed through a new accountability framework and performance management framework. As you will be aware, I have management cost targets that have to be achieved throughout Wales. Therefore, we have an absolute cap on what this costs us. If we can possibly ensure that, through 'Improving Health in Wales' and its structural reform, we can save money that can go back into the clinical services, we shall do that. However, we must have mechanisms built in through which we can involve the patient and the patient's representatives more fully and can support people at the local level in an appropriate way for the future, to enable them to undertake the roles and responsibilities that will be assigned to them.

[60] Alison Halford: So have you been able to come up with actual figures for what costs and savings you are going to make?

Mrs Lloyd: We are not going to cost anymore. I will not do the savings until I produce the details of what the structures have to look like: what is needed to

yn gallu asesu beth fydd cost dileu'r haen honno o fiwrocratiaeth?

Mrs Lloyd: Rhaid gwneud y gwaith hwnnw eto. Rhaid trosglwyddo rolau a chyfrifoldebau'r awdurdodau iechyd naill ai i'r lefel leol neu i'r lefel genedlaethol. Pan edrychwch ar y papur strwythurol a gynhyrchir o fewn y mis nesaf, bydd yn amlwg pa gyfrifoldebau sydd yn gorfod dod i fyny i'r lefel genedlaethol a pha gyfrifoldebau y gellir eu dirprwyo i'r lefel leol. Nid ydym yn ceisio trosglwyddo cyfrifoldeb yn unig—sydd o bwys hanfodol, oherwydd bod yr awdurdodau iechyd yn gwneud gwaith sylweddol ar hyn o bryd—ond dechrau moderneiddio a datblygu'r gwasanaethau er mwyn lleihau'r anghydraddoldebau yr ydym oll yn ymwybodol ohonynt, a sicrhau y gellir eu rheoli'n fanwl drwy fframwaith atebolrwydd a fframwaith rheoli perfformiad newydd. Fel y gwyddoch, mae gennyf dargedau cost rheoli y mae'n rhaid eu cyrraedd ledled Cymru. Felly, mae gennym derfyn absoliwt ar yr hyn y bydd yn ei gostio i ni. Os oes modd inni sicrhau, drwy 'Gwella Iechyd yng Nghymru' a'i ddiwygiad strwythurol, ein bod yn gallu arbed arian a all fynd yn ôl i'r gwasanaethau clinigol, gwnawn hynny. Fodd bynnag, rhaid inni sicrhau bod mecanweithiau wedi'u hymgorffori er mwyn cynnwys y claf a chynrychiolwyr y claf yn fwy cyflawn a chynorthwyo pobl ar y lefel leol mewn modd priodol ar gyfer y dyfodol, i'w galluogi i ymgymryd â'r rolau a'r cyfrifoldebau a neilltuwyd iddynt.

[60] Alison Halford: Felly a ydych wedi gallu dod o hyd i ffigurau gwirioneddol am y costau a'r arbedion y byddwch yn eu gwneud?

Mrs Lloyd: Nid ydym yn mynd i bennu costau mwyach. Ni fyddaf yn gwneud yr arbedion nes byddaf yn cynhyrchu manylion am ffurf angenrheidiol y

support. We are, of course, pursuing with vigour the shared services initiative, not only to ensure that we do not proliferate thousands of finance directors and human resources directors through all the 22 local health groups mark 2, but also to make sure that we maintain expertise within Wales. You can best do that in certain professions, such as finance, accounting, human resources and information management, if you use shared services. That means that you can employ better qualified, more rounded individuals who can be drawn on by the local health groups, so that you get a core of knowledge and understanding that serves them all, rather than a proliferation of medium-grade individuals.

strwythurau: y gefnogaeth sydd ei hangen. Wrth gwrs, yr ydym yn parhau yn egnïol â'r fenter gwasanaethau ar y cyd, nid yn unig er mwyn sicrhau na fyddwn yn amlhau miloedd o gyfarwyddwyr cyllid a chyfarwyddwyr adnoddau dynol drwy'r 22 o grwpiau iechyd lleol ar eu ffurf newydd, ond hefyd i sicrhau ein bod yn cadw arbenigedd oddi mewn i Gymru. Gallwch wneud hynny orau mewn proffesiynau penodol, megis cyllid, cyfrifo, adnoddau dynol a rheoli gwybodaeth, os defnyddiwch wasanaethau ar y cyd. Golyga hynny eich bod yn gallu cyflogi unigolion mwy crwn â gwell cymwysterau y gall y grwpiau iechyd lleol eu defnyddio, fel y cewch graidd o wybodaeth a dealltwriaeth sydd yn eu gwasanaethu i gyd, yn hytrach na thoreth o unigolion o radd ganolig.

[61] Alison Halford: I shall push you just a bit further. You do not know what savings and costs you are going to make. You have explained the benefits: to make the service more local and hands-on and that sort of thing. You are going to remove a tier of bureaucracy but you do not know which people; the work has to be done somehow and therefore you could end up with rather larger health trusts. Is that not a rather gratuitous but accurate assessment of the situation?

[61] Alison Halford: Pwysaf arnoch ychydig ymhellach. Ni wyddoch ba arbedion a chostau y byddwch yn eu gwneud. Eglurasoch y manteision: gwneud y gwasanaeth yn fwy lleol ac uniongyrchol a phethau o'r fath. Byddwch yn dileu haen o fiwrocratiaeth ond ni wyddoch ba bobl; rhaid gwneud y gwaith rywsut ac felly yn y diwedd gallai fod gennych ymddiriedolaethau iechyd braidd yn fwy. Onid yw hynny'n asesiad mympwyol braidd ond cywir o'r sefyllfa?

Mrs Lloyd: No, it is not quite accurate. I do know what health authorities do. Their responsibilities will be assigned to different people. Added to those responsibilities will be much more patient involvement, hard work on reducing inequality, so that the whole health promotion—

Mrs Lloyd: Nac ydyw, nid yw'n gwbl gywir. Gwn am yr hyn y mae'r awdurdodau iechyd yn ei wneud. Trosglwyddir eu cyfrifoldebau i wahanol bobl. Yn ychwanegol at y cyfrifoldebau hynny bydd llawer mwy o gysylltiad â'r cleifion, gwaith caled ar leihau anghydraddoldeb, fel bod y cwbl o hybu iechyd—

[62] Alison Halford: Inequality in what sense?

[62] Alison Halford: Anghydraddoldeb ym mha ystyr?

Mrs Lloyd: Inequality in access to care and in the health status of the population.

Mrs Lloyd: Anghydraddoldeb mewn mynediad i ofal ac yn statws iechyd y

The whole point is to try to raise the health status of the population and to ensure that people have equal access to services, care and advice. Therefore, the service itself will be changing. The trusts will not be affected at the moment. We are certainly not going to increase the number of trusts in Wales. However, local health groups will take on some of the responsibilities—particularly in commissioning—that are being operated by health authorities at the moment. They will, of course, be enabled to exercise the proper probity in governance required of anyone held to account by the Assembly. At the moment, they are held to account by health authorities, which then report to the Assembly. I wish that I could give you a more fulsome answer, but you might have to wait until 18 July, because a great deal of work is still going on to ensure that we can figure these new organisations appropriately.

boblogaeth. Yr holl bwynt yw ceisio codi statws iechyd y boblogaeth a sicrhau bod gan bobl fynediad cyfartal at wasanaethau, gofal a chyngor. Felly, bydd y gwasanaeth ei hun yn newid. Nid effeithir ar yr ymddiriedolaethau ar hyn o bryd. Yn sicr, ni fyddwn yn cynyddu nifer yr ymddiriedolaethau yng Nghymru. Fodd bynnag, bydd grwpiau iechyd lleol yn ymgymryd â rhai o'r cyfrifoldebau—yn enwedig o ran comisiynu—a weithredir gan yr awdurdodau iechyd ar hyn o bryd. Wrth gwrs, fe'u galluogir i arfer y gonestrwydd priodol wrth lywodraethu sydd yn ofynnol gan unrhyw un a gaiff ei alw i gyfrif gan y Cynulliad. Ar hyn o bryd, fe'u gelwir i gyfrif gan yr awdurdodau iechyd, sydd wedyn yn adrodd i'r Cynulliad. Byddai'n dda gennyf pe gallwn roi ateb mwy gwenieithus i chi, ond efallai y byddwch yn gorfod disgwyl tan 18 Gorffennaf, oherwydd mae llawer iawn o waith yn mynd ymlaen o hyd i sicrhau y gallwn lunio'r cyrff newydd hyn yn briodol.

[63] Alison Halford: Thank you. The very last question: we know that upheaval means concern among staff. How are you going to retain good staff and provide the services, bearing in mind that you have the deadline of 2003 still to cope with?

[63] Alison Halford: Diolch. Y cwestiwn olaf un: gwyddom fod cynnwrf yn arwain at bryder ymysg y staff. Sut y byddwch yn cadw staff da ac yn darparu'r gwasanaethau, gan gofio bod yn rhaid ichi ymdopi â therfynau amser 2003 o hyd?

Mrs Lloyd: That is why it has been important for us to do this work in three months. It was really important, and my colleagues in the health authorities and I well know that any threat of a reorganisation of any kind means that people start looking over the border or elsewhere to secure their future. That is why we have tried, reasonably successfully I think, to have a rather inclusive process to discuss what the structures might look like in the future, so that we can inform our staff right throughout Wales about what the opportunities are for them in the future. That work will go on during the

Mrs Lloyd: Dyna pam y bu'n bwysig inni wneud y gwaith hwn o fewn tri mis. Yr oedd yn wirioneddol bwysig, ac mae fy nghydweithwyr yn yr awdurdodau iechyd a minnau'n gwybod yn iawn bod unrhyw fygythiad o ad-drefnu o unrhyw fath yn golygu bod pobl yn dechrau edrych dros y ffin neu mewn mannau eraill i sicrhau eu dyfodol. Dyna pam y ceisiasom, yn eithaf llwyddiannus yr wyf yn credu, gael proses eithaf cynhwysol i drafod yr olwg a allai fod ar y strwythurau yn y dyfodol, fel y gallwn hysbysu'n staff ledled Cymru am y cyfleoedd sydd ar gael iddynt yn y dyfodol. Bydd y gwaith hwnnw'n parhau yn ystod y cyfnod

consultation period; we will be having road shows and we have newsletters. I am discussing projects to inform staff about opportunities with the health authority chief executives, because I also need to secure their future, because they are also extremely valuable to this whole process. Therefore, people can start to make choices by the time that the end of the consultation period has been reached, in November. We would wish to be able to place people early to secure their futures, and our future, because we need these people to work with us. Therefore, a lot of work is going on. All the rules are being sorted out about who is eligible for what post in the new organisations, so that we can discuss with staff over the summer the possibilities, subject to the end of consultation, for them.

ymgynghori; byddwn yn cael sioeau teithiol ac mae gennym gylchlythyrau. Yr wyf yn trafod prosiectau i hysbysu'r staff am gyfleoedd gyda phrif weithredwyr yr awdurdodau iechyd, oherwydd mae angen imi sicrhau eu dyfodol hwy hefyd, oherwydd maent yn werthfawr tu hwnt i'r holl broses hon. Felly, caiff pobl ddechrau dewis erbyn diwedd y cyfnod ymgynghori, yn Nhachwedd. Dymunem allu lleoli pobl yn gynnar er mwyn sicrhau eu dyfodol hwy, a'n dyfodol ni, oherwydd mae arnom angen y bobl hyn i weithio gyda ni. Felly, mae llawer o waith yn mynd ymlaen. Rhoddir trefn ar yr holl reolau ynghylch pwy sydd yn gymwys i ba swydd yn y cyrff newydd, fel y gallwn drafod y posibiliadau i'r staff gyda hwy dros yr haf, yn amodol ar ddiwedd yr ymgynghoriad.

[64] Alison Halford: Thank you.

[64] Alison Halford: Diolch.

[65] Janet Davies: I think that we need to push on a bit with this session, so we will move on to the problems with prescription pricing. The Committee earlier considered a value for money report by the Auditor General on prescriptions. We appreciate the impact that the increased numbers of category D drugs had on prescription processing times. Will you explain to the Committee why Bro Taf Health Authority and the Assembly's NHS Directorate did not take more proactive and immediate action in autumn 1999 to avoid the creation of a backlog in prescription pricing?

[65] Janet Davies: Credaf fod angen inni fwrw ymlaen ychydig â'r sesiwn hwn, felly symudwn ymlaen at y problemau ynghylch prisio presgripsiynau. Ystyriodd y Pwyllgor adroddiad gwerth am arian gan yr Archwilydd Cyffredinol ar bresgripsiynau yn gynharach. Sylweddolwn yr effaith a gafodd y niferoedd cynyddol o gyffuriau categori D ar amserau prosesu presgripsiynau. A wnewch chi egluro i'r Pwyllgor pam na chymerodd Awdurdod Iechyd Bro Taf a Chyfarwyddiaeth NHS y Cynulliad gamau mwy rhagweithiol ac uniongyrchol yn hydref 1999 i osgoi creu ôl-groniad mewn prisio presgripsiynau?

Mrs Williams: As the accounting officer for Health Solutions Wales, I think that it may help if I set the scene for the Committee. In Wales, we generate 22 million prescription forms every year and 42 million items are included on those prescription forms. That translates into 3.6 million items per month that must be priced and costed by, normally, around 100 Health Solutions Wales staff. It

Mrs Williams: Fel swyddog cyfrifo Health Solutions Wales, credaf y gallai fod o gymorth pe bawn yn gosod yr olygfa i'r Pwyllgor. Yng Nghymru, cynhyrchwn 22 miliwn o ffurflenni presgripsiwn bob blwyddyn a chynhwysir 42 miliwn o eitemau ar y ffurflenni presgripsiwn hynny. Mae hynny'n gyfystyr â 3.6 miliwn o eitemau y mis y mae'n rhaid pennu eu pris a'u cost gan

involves them pricing 2,500 items per day. They price from the England and Wales drug tariff, on which there are over 120,000 drugs. Usually, most drugs are dispensed from category A of the drug tariff, and the pricing is fairly simple. It is a common price based on the prices of leading manufacturers. In the beginning of 1999, one of the wholesalers went into liquidation. That actually took away the availability of a range of common drugs like aspirin, warfarin, vitamin capsules and so on. The replacement brand drugs had to be priced individually and moved on to category D. That was unprecedented, and affected England as well as Wales. As 1999 went on, the problem got worse. In fact, it did not actually reach its height until December 1999, when there were 120 items on the category D list, as opposed to, normally, there being 20 on that list. Therefore, it was a huge, unprecedented issue, and its solution, in terms of being able to manage out category D, was not within the gift of Health Solutions Wales or the authority or the Assembly. It needed to be done at an England and Wales level with the Department of Health and the Pharmaceutical Services Negotiating Committee. It took a lot longer to manage out category D than anybody originally anticipated. In fact, it was not managed out until September 2000. That is the scene for you, where we have 100 administrative and clerical grades 2 and 3, who are very poorly paid, having to price 2,500 scripts and items per day.

tua 100, fel rheol, o staff Health Solutions Wales. Golyga hynny eu bod yn prisio 2,500 o eitemau'r diwrnod. Maent yn eu prisio yn ôl rhestr brisiau cyffuriau Lloegr a Chymru, y ceir dros 120,000 o gyffuriau arni. Fel arfer, caiff y rhan fwyaf o gyffuriau eu gweinyddu o gategori A ar y rhestr brisiau cyffuriau, ac mae'r prisio'n eithaf syml. Mae'n bris cyffredin sydd yn seiliedig ar brisiau'r prif weithgynhyrchwyr. Ar ddechrau 1999, ymddiddymodd un o'r cyfanwerthwyr. Dileodd hynny argaeledd amryw o gyffuriau cyffredin fel asbrin, warffarin, pils fitaminau ac yn y blaen. Yr oedd yn rhaid prisio'r cyffuriau brand a ddaeth yn eu lle yn unigol a'u symud ymlaen i gategori D. Ni ddigwyddodd hynny o'r blaen, ac effeithiodd ar Loegr yn ogystal â Chymru. Wrth i 1999 fynd yn ei blaen, aeth y broblem yn waeth. Mewn gwirionedd, ni chyrhaeddodd ei huchafbwynt tan fis Rhagfyr 1999, pan oedd 120 o eitemau ar y rhestr categori D, yn hytrach na 20 fel arfer. Felly, yr oedd yn fater anferth, na fu erioed ei fath o'r blaen, ac nid oedd yr ateb iddo, o ran y gallu i gwblhau trafod categori D, yn nwylo Health Solutions Wales na'r awdurdod na'r Cynulliad. Yr oedd angen ei wneud ar lefel Cymru a Lloegr gyda'r Adran Iechyd a Phwyllgor Negodi'r Gwasanaethau Fferyllol. Cymerodd lawer mwy o amser i gwblhau trafod categori D nag y disgwyliai neb yn wreiddiol. Mewn gwirionedd, ni chwblhawyd ei drafod tan fis Medi 2000. Dyna'r cefndir i chi, lle mae gennym 100 o weithwyr clercio a gweinyddu ar raddfeydd 2 a 3, sydd yn derbyn tâl sâl iawn, yn gorfod prisio 2,500 o ffurflenni ac eitemau y diwrnod.

In addition, in autumn 1999, the organisation was trying to come to terms with implementing a new computer system. I know that you heard from Mr George Craig in December of the problems that that technology was causing. Of course, priority had to be given to it because the system had to be

Yn ogystal â hynny, yn hydref 1999, yr oedd y corff yn ceisio ymdopi â rhoi system gyfrifiadur newydd ar waith. Gwn eich bod wedi clywed gan Mr George Craig fis Rhagfyr am y problemau yr oedd y dechnoleg honno'n eu hachosi. Wrth gwrs, yr oedd yn rhaid rhoi blaenoriaeth i hynny am fod angen i'r

year 2000 compliant. On top of that, the organisation faced a wholesale transfer of location from this building to Brunel House in Cardiff. They had to relocate themselves, their equipment and so on. That took place during the autumn of 1999. So we found ourselves in a situation where category D was worsening, there were major problems with the technology that had to be sorted through, and the organisation faced a wholesale transfer.

system gydymffurfio â gofynion y flwyddyn 2000. Ar ben hynny, yr oedd y corff yn wynebu symud yn gyfan gwbl o'r adeilad hwn i Dŷ Brunel yng Nghaerdydd. Yr oeddent yn gorfod eu hail-leoli eu hunain, eu hoffer ac yn y blaen. Digwyddodd hynny yn ystod hydref 1999. Felly fe'n cawsom ein hunain mewn sefyllfa lle'r oedd categori D yn gwaethygu, yr oedd problemau mawr gyda'r dechnoleg yr oedd yn rhaid eu datrys, ac yr oedd y corff yn wynebu trosglwyddo ar raddfa eang.

Health Solutions Wales delivers prescription information and pricing under a tender. That goes back to the mid 1990s when it was a requirement for the work to be tendered. Therefore, it runs very tightly in terms of staffing and it was not possible for the organisation to take on vast numbers of additional staff; first, because of cost, but secondly, because, given the processing system in operation at that time, it actually took six months to train a pricer. For all those reasons, sampling was the only way forward for us in autumn 1999 and into 2000. I am afraid that I do not accept, Chair, that we did not take appropriate action and I hope that I have made clear that, in the environment that we were facing, we took the only action that was available to us at that time.

Mae Health Solutions Wales yn darparu gwybodaeth a phrisio presgripsiynau o dan dendr. Mae hynny'n mynd yn ôl at ganol y 1990au pan oedd yn ofynnol cynnig y gwaith ar dendr. Felly, mae'n rhedeg yn dynn iawn o ran staffio ac nid oedd modd i'r corff gyflogi niferoedd mawr o staff ychwanegol; yn gyntaf, oherwydd y gost, ond yn ail, oherwydd, o ystyried y system brosesu a oedd ar waith bryd hynny, cymerai chwe mis i hyfforddi prisiwr. Am yr holl resymau hyn, samplu oedd yr unig ffordd ymlaen inni yn hydref 1999 ac ymlaen i 2000. Mae arnaf ofn, Gadeirydd, nad wyf yn derbyn na chymerasom gamau priodol a gobeithiaf fy mod wedi egluro ein bod wedi cymryd yr unig gamau a oedd ar gael inni bryd hynny, yn yr amgylchedd yr oeddem yn ei wynebu.

[66] Janet Davies: Thank you very much.

[66] Janet Davies: Diolch yn fawr.

[67] Dafydd Wigley: Mae hynny'n codi cwestiynau ynglŷn â sut yr ydym yn gallu rhagweld rhai o'r elfennau hynny yn y dyfodol. Symudaf ymlaen i'r sylwadau a wneir ym mharagraff 3.21 ynglŷn â'r oedi o chwe mis wrth brisio presgripsiynau dros y cyfnod hwnnw, a'r ffaith i hynny arwain at ordaliadau rhwng £5 miliwn a £6 miliwn yn ystod 1999-2000. A chymryd bod y cefndir yr ydych wedi ei ddisgrifio yn berthnasol i'r gordaliadau hynny, a ydych yn sicr nad yw hyn yn debygol o ddigwydd eto yn y

[67] Dafydd Wigley: That raises questions about how we can foresee some of those elements in the future. I will move on to the comments that are made in paragraph 3.21 about the six months' delay in terms of prescription pricing over that period, and the fact that that led to overpayments of between £5 million and £6 million during 1999-2000. Given that the background that you have described is relevant to those overpayments, are you certain that this is not likely to reoccur in the future? If you

dyfodol? Os ydych yn cymharu'r sefyllfa yn Lloegr o ran cefndir, a oedd sefyllfa debyg yn Lloegr o ran gordaliadau hefyd?

are comparing the situation in England in terms of the background, was there also a similar situation in England in terms of overpayments?

Mrs Williams: The basic negotiations with the Pharmaceutical Services Negotiating Committee happened in England and Wales. In fact, the solution in Wales followed that that was made in England. I think that it is fair to say that there was a recognition, both at the Welsh health authorities' level and within the Assembly, that the offer made to the pharmacists might result in overpayment, and we accepted that. I think that the overall policy view was that we had to see an end to the situation and that we had to reach a successful negotiation with the pharmaceutical contractors and, therefore, it was worth taking this risk to manage out the problem.

Mrs Williams: Digwyddodd y negodiadau sylfaenol â Phwyllgor Negodi'r Gwasanaethau Fferyllol yng Nghymru a Lloegr. Mewn gwirionedd, dilynodd yr ateb yng Nghymru yr hyn a wnaethpwyd yn Lloegr. Credaf mai teg yw dweud bod cydnabyddiaeth, ar lefel yr awdurdodau iechyd yng Nghymru ac oddi mewn i'r Cynulliad, y gallai'r cynnig a wnaethpwyd i'r fferyllwyr arwain at ordalu, a derbyniasom hynny. Credaf mai'r farn bolisi gyffredinol oedd bod yn rhaid inni weld diwedd ar y sefyllfa a bod yn rhaid inni gyrraedd negodiad llwyddiannus gyda'r contractwyr fferyllol ac, felly, ei bod yn werth mentro er mwyn rheoli'r broblem a'i dileu.

[68] Dafydd Wigley: A chymryd bod y gordaliadau wedi eu gwneud, pa anawsterau yr ydych yn eu rhagweld i gael ad-daliad o'r arian? A ydych yn disgwyl y caiff yr ad-daliadau eu gwneud yn llawn ac i ba raddau y mae eich cyllidebau yn dibynnu ar gael yr ad-daliadau hynny?

[68] Dafydd Wigley: Given that the overpayments have been made, what difficulties do you foresee in obtaining repayment of the money? Do you expect that the repayments will be made in full and to what extent do your budgets depend on obtaining those repayments?

Mrs Williams: We do anticipate that overpayments will be recovered in full and we have been having detailed discussions at individual health authority level with individual pharmacy contractors. It will take some time, because we have to be reasonable and we have to be mindful of the fact that some pharmacists are small individual businessmen and may have cash-flow problems. So we have to be reasonable. We are in detailed discussions and negotiating repayment plans individually, which will take some time. It has posed a problem for the health authorities in terms of being able to forecast our year-end position for 2001-02. That is the

Mrs Williams: Yr ydym yn disgwyl yr adferir yr holl ordaliadau a chawsom drafodaethau manwl ar lefel yr awdurdodau iechyd unigol gyda chontractwyr fferyllol unigol. Cymer beth amser, oherwydd rhaid inni fod yn rhesymol a rhaid inni fod yn ymwybodol o'r ffaith bod rhai fferyllwyr yn ddynion busnes unigol bach y gallent fod â phroblemau llif arian. Felly rhaid inni fod yn rhesymol. Yr ydym mewn trafodaethau manwl ac yr ydym yn negodi cynlluniau ad-dalu'n unigol, a gymer beth amser. Mae wedi golygu problem i'r awdurdodau iechyd o ran gallu rhagweld ein sefyllfa ddiwedd blwyddyn am 2001-02. Felly y mae. Yr

case. We are doing our very best to ensure that the variances are as minimal as we can make them. However, there is no doubt that we will not return to full confidence in prescription pricing and information until 2002-03.

ydym yn gwneud ein gorau glas i sicrhau bod y gwahaniaethau mor fach â phosibl. Fodd bynnag, nid oes dwywaith na fyddwn yn dychwelyd at sicrwydd llawn mewn prisio a gwybodaeth presgripsiynau tan 2002-03.

[69] Dafydd Wigley: A oes gennych yr wybodaeth lawn yn awr fel sail ar gyfer gwneud yr ad-daliadau? Gan ein bod wedi mynd drwy chwarter cyntaf 2001-02, ac mae'r gordaliadau i fod i gael eu had-dalu yn ystod y flwyddyn ariannol 2001-02, i ba raddau y mae'r ad-daliadau wedi dechrau dod i mewn yn barod?

[69] Dafydd Wigley: Do you have the full information now as a basis for the repayments to be made? As we have gone through the first quarter of 2001-02, and the overpayments are supposed to be repaid during the financial year 2001-02, to what extent have the repayments started to come in already?

Mrs Williams: We have not begun to start that process yet because the prime priority for Health Solutions Wales and the health authorities must be the delivery of the recovery plan to actually get us back on to the target processing time for the scripts that come in month on month. We will get back to normal for the pricing of November scripts this year. Then we will start talking through with the contractors the details of fully repricing, where they wish it, or recovery arrangements, where they have agreed the offer. Therefore, it will not be concluded in 2001-02; it will move into 2002-03.

Mrs Williams: Nid ydym wedi dechrau rhoi cychwyn ar y broses honno eto oherwydd y brif flaenoriaeth i Health Solutions Wales ac i'r awdurdodau iechyd o reidrwydd yw cyflawni'r cynllun adfer a dychwelyd at yr amser prosesu targed ar gyfer y ffurflenni a ddaw i mewn fis ar ôl mis. Byddwn yn ôl i'r drefn o ran prisio ffurflenni mis Tachwedd eleni. Wedyn byddwn yn dechrau trafod manylion ailbrisio'n llawn gyda'r contractwyr, os ydynt yn dymuno, neu drefniadau adfer, os ydynt wedi cytuno ar y cynnig. Felly, nis cwblheir yn 2001-02; aiff ymlaen i 2002-03.

[70] Dafydd Wigley: A gaiff unrhyw ad-daliadau eu gwneud yn ystod 2001-02, neu a fydd hi'n 2002-03 cyn i hynny ddigwydd?

[70] Dafydd Wigley: Will any repayments be made in 2001-02, or will it be 2002-03 before that happens?

Mrs Williams: Payments will be made in 2001-02 for those pharmacists who have accepted the offer and where we know what the level of overpayment has been. There are considerable variations. For example, in Bro Taf, where pharmacists have accepted the offer, the overpayments range from very small amounts of under £100 to £45,000. We have to be very sensitive and talk to individual contractors about repayment schedules. We have the process underway this year and we will complete it next

Mrs Williams: Gwneir taliadau yn 2001-02 ar gyfer y fferyllwyr hynny a dderbyniodd y cynnig ac os gwyddom beth oedd lefel y gordaliad. Mae amrywiadau sylweddol. Er enghraifft, ym Mro Taf, lle y derbyniodd y fferyllwyr y cynnig, mae'r gordaliadau'n amrywio o symiau bach iawn o lai na £100 i £45,000. Rhaid inni fod yn sensitif iawn a siarad â chontractwyr unigol am amserlenni ad-dalu. Mae'r broses ar y gweill gennym eleni ac fe'i cwblhawn y flwyddyn nesaf.

year.

[71] Dafydd Wigley: Noda paragraff 3.26 yr adroddiad y gallai fod cymaint â £15 miliwn o daliadau presgripsiwn wedi ei golli, neu wedi ei hepgor, bob blwyddyn. A derbyn bod hynny'n gywir, pa fesurau a gymerwyd gennych ers hynny i sicrhau yr anogir fferyllwyr, ac awdurdodau iechyd bellach, i gael yr incwm mwyaf posibl o'r tâl a godir? Pa gynnydd a wneir ar y mater hwn? A oes unrhyw arwydd ein bod yn dechrau adennill arian?

[71] Dafydd Wigley: Paragraph 3.26 of the report states that as much as £15 million in prescription charges may have been lost, or omitted, every year. Accepting that that is so, what measures have you taken since then to ensure that pharmacists, and health authorities by now, are encouraged to ensure the maximum income possible from the charges? What progress has been made in this respect? Are there any signs that we are starting to regain money?

Mrs Williams: First, I will answer on behalf of Health Solutions Wales. When you received the report, 'Maximising Income from Prescription Charges', it suggested that Health Solutions Wales was responsible for £750,000 of that £15 million. Within Health Solutions Wales we have improved our monitoring systems, and staff have been further trained in different groupings of prescription items to make sure that, wherever they can, they flag up where income is being lost. I am able to report to the Committee that the prescription pricing staff are working within the error tolerances that the Assembly set in its service level agreement with Health Solutions Wales. Therefore, we have taken steps within Health Solutions Wales.

Mrs Williams: Yn gyntaf, atebaf ar ran Health Solutions Wales. Pan dderbyniasoch yr adroddiad, 'Mwyhau'r Incwm o Daliadau Presgripsiwn', awgrymodd mai Health Solutions Wales oedd yn gyfrifol am £750,000 o'r £15 miliwn hynny. Oddi mewn i Health Solutions Wales yr ydym wedi gwella ein systemau monitro, ac mae'r staff wedi eu hyfforddi ymhellach mewn gwahanol grwpiau o eitemau presgripsiwn er mwyn sicrhau, lle bynnag y bo modd, eu bod yn dangos lle y collir incwm. Gallaf adrodd i'r Pwyllgor fod y staff prisio presgripsiynau'n gweithio oddi mewn i'r goddefiannau gwallau a osododd y Cynulliad yn ei gytundeb lefel gwasanaeth gydag Health Solutions Wales. Felly, cymerasom gamau oddi mewn i Health Solutions Wales.

At a health authority level, a group of the five health authorities, working with the Assembly, has identified a range of actions to be taken with the pharmaceutical profession, to remind it of its responsibilities in terms of the checks and so on. All five health authorities and the Assembly have a range of actions in hand.

Ar lefel yr awdurdodau iechyd, mae grŵp o'r pum awdurdod iechyd, gan weithio gyda'r Cynulliad, wedi dynodi amryw o gamau sydd i'w cymryd gyda'r proffesiwn fferyllol, i'w atgoffa am ei gyfrifoldebau o ran y gwiriadau ac yn y blaen. Mae gan bob un o'r pum awdurdod iechyd a'r Cynulliad amryw o gamau ar y gweill.

[72] Dafydd Wigley: Pryd y byddech yn disgwyl gweld rhyw fudd yn dod o'r gweithgareddau hynny?

[72] Dafydd Wigley: When do you expect to see some benefit coming from those actions?

Mrs Williams: We would hope that, by the end of the financial year 2001-02, the actions that we have taken should begin to lead to a reduction in that loss.

Mrs Williams: Gobeithiwn, erbyn diwedd y flwyddyn ariannol 2001-02, y bydd y camau a gymerasom yn dechrau arwain at leihad yn y golled honno.

[73] Janet Davies: I would like to finish the session on this report before we take a break. There are a few questions left, which are on national health service fraud. Paragraph 5.12 to 5.15 set out what is being done to address this difficult issue. Why has it taken the Assembly so long to get going on this, compared with what has happened in England?

[73] Janet Davies: Hoffwn orffen y sesiwn ar yr adroddiad hwn cyn inni gymryd egwyl. Mae ychydig o gwestiynau ar ôl, sydd yn ymwneud â thwyll yn y gwasanaeth iechyd gwladol. Mae paragraffau 5.12 i 5.15 yn nodi'r hyn a wneir i fynd i'r afael â'r mater anodd hwn. Pam y cymerodd gymaint o amser i'r Cynulliad gychwyn ar hyn, o'i gymharu â'r hyn a ddigwyddodd yn Lloegr?

Mrs Lloyd: I think that the issue of fraud and how to manage it really effectively has been a matter of great concern right through England and Wales for a couple of years. I think that, with the discovery of fraud, the Assembly has acted in a fair and appropriate way to ensure that we can place a heavier emphasis on how fraud might be detected right throughout the NHS, but particularly where independent contractors might be operating fraudulently. As you know, we have put forward proposals for the establishment of a counter-fraud office and a team is currently being trained and will take up active operation next month. Instructions and directives have gone to NHS organisations and independent contractors to look very carefully indeed at the issue of fraud and its prevalence. I know that there have been some successful prosecutions in the recent past, where fraud has been successfully detected within the NHS. With the prescription fraud penalty clause scheme that we are now launching, we hope to be able to pick up those people and prosecute those who have been claiming exemptions to which they are not entitled. So I think that we have set about tackling NHS fraud in a comprehensive manner. It has required a cultural change, and that is why we are very pleased that the new

Mrs Lloyd: Credaf fod mater twyll a sut i'w reoli'n wirioneddol effeithiol yn fater sydd yn peri pryder mawr ledled Cymru a Lloegr ers rhai blynyddoedd. Credaf, wrth ddarganfod twyll, fod y Cynulliad wedi gweithredu'n deg ac yn briodol i sicrhau ein bod yn rhoi mwy o bwyslais ar sut y gellid darganfod twyll yn yr NHS drwyddo draw, ond yn enwedig lle y gallai contractwyr annibynnol fod yn gweithredu'n dwyllodrus. Fel y gwyddoch, cyflwynasom gynigion ar gyfer sefydlu swyddfa wrth-dwyll ac mae tîm o dan hyfforddiant ar hyn o bryd a bydd yn dechrau gweithredu'n weithredol y mis nesaf. Anfonwyd cyfarwyddiadau a chyfarwyddebau at gyrff NHS a chontractwyr annibynnol i edrych yn ofalus iawn ar fater twyll a pha mor gyffredin y mae. Gwn fod rhai erlyniadau llwyddiannus wedi bod yn ddiweddar, lle y llwyddwyd i ddarganfod twyll oddi mewn i'r NHS. Gyda'r cynllun cymal cosb ar gyfer twyll presgripsiynau yr ydym yn ei lansio'n awr, gobeithiwn allu dod o hyd i'r bobl hynny ac erlyn y rhai a fu'n hawlio rhyddhad nad oes ganddynt hawl iddo. Felly, credaf ein bod wedi mynd ati i fynd i'r afael â thwyll yn yr NHS mewn modd cynhwysfawr. Mae wedi gofyn newid mewn arferion, a dyna pam yr ydym yn falch iawn bod y tîm newydd wedi ymuno'n awr ac y bydd yn

team is now on board and will be able to do regular reviews and regular training throughout Wales, helped by the penalty clause legislation that is going through.

gallu cynnal adolygiadau rheolaidd a hyfforddiant rheolaidd ledled Cymru, gyda chymorth y ddeddfwriaeth cymal cosb sydd yn mynd drwodd.

[74] Jocelyn Davies: May I ask a question, Chair?

[74] Jocelyn Davies: A gaf ofyn cwestiwn, Gadeirydd?

[75] Janet Davies: If you are brief, Jocelyn.

[75] Janet Davies: Os byddwch yn fyr, Jocelyn.

[76] Jocelyn Davies: We have heard about people getting exemptions to which they are not entitled. However, fraud within the NHS must surely be much larger than that and not just a matter of prescription charge fraud. We are talking about £15 million here, and I suppose that there are many million separate offences, but surely there must be fraud by other people?

[76] Jocelyn Davies: Clywsom am bobl yn cael rhyddhad nad oes ganddynt hawl iddo. Fodd bynnag, rhaid bod y twyll oddi mewn i'r NHS yn fwy o lawer na hynny ac nid yn unig yn fater o dwyll taliadau presgripsiwn. Yr ydym yn sôn am £15 miliwn yma, a thybiaf fod miliynau lawer o wahanol droseddau, ond mae'n rhaid bod twyllo gan bobl eraill?

Mrs Lloyd: Yes, indeed.

Mrs Lloyd: Oes, yn wir.

[77] Jocelyn Davies: What does that consist of?

[77] Jocelyn Davies: Beth mae hynny'n ei gynnwys?

Mrs Lloyd: Much of the fraud that I have encountered has been in the letting of contracts, in particular. We did institute revised procedures for the way in which contracts might be awarded within the NHS, and we are particularly careful in terms of action on tenders. When people are asking that just one tender should be sought, the requirements placed upon chief executives is now much stronger and much harsher than it was in the past. So, the vast majority of fraud relates to that, or to travelling expenses and, again, the procedures within the NHS have been tightened up considerably, because those sorts of fraud have been prevalent. There are also issues of shift payment, agency payments and, in some instances, fraud is counted as—

Mrs Lloyd: Mae llawer o'r twyll y deuthum i ar ei draws wedi ymwneud â gosod contractau, yn benodol. Cychwynasom weithdrefnau diwygiedig ar gyfer y modd y gellid dyfarnu contractau oddi mewn i'r NHS, ac yr ydym yn arbennig o ofalus o ran gweithredu ar dendrau. Pan fo pobl yn gofyn am geisio un tendr yn unig, mae'r gofyniad ar brif weithredwyr yn gryfach ac yn llymach o lawer yn awr nag yr oedd yn y gorffennol. Felly, mae'r rhan helaethaf o'r twyll yn ymwneud â hynny, neu â chostau teithio ac, unwaith eto, tynhawyd y gweithdrefnau oddi mewn i'r NHS yn sylweddol, oherwydd bu'r mathau hynny o dwyll yn gyffredin. Mae materion hefyd ynghylch tâl stemiau, taliadau i asiantaethau ac, mewn rhai achosion, cyfrifir bod twyll yn—

[78] Jocelyn Davies: Legitimate?

[78] Jocelyn Davies: Yn gyfiawn?

Mrs Lloyd: No, it is never legitimate, but you find that fraud is prevalent sometimes in kitchens where, again, there is an issue of how much food was delivered and was it actually delivered, and so on. So the whole checking mechanism has been tightened up. Certainly, the controls that I was used to within the NHS in terms of chief executives' responsibility for the management of contracts and other claims has been tightened up very successfully, because we have actually found fraud.

Mrs Lloyd: Na, nid yw byth yn gyfiawn, ond cewch fod twyll yn gyffredin weithiau mewn ceginau lle, unwaith eto, mae cwestiwn ynghylch faint o fwyd a ddanfonwyd ac a ddanfonwyd ef mewn gwirionedd, ac yn y blaen. Felly, tynhawyd yr holl fecanwaith gwirio. Yn sicr, mae'r rheolaethau yr oeddwn i wedi arfer â hwy oddi mewn i'r NHS o ran cyfrifoldeb y prif weithredwyr dros reoli contractau a hawliadau eraill wedi'u tynhau'n llwyddiannus iawn, oherwydd yr ydym wedi darganfod twyll.

[79] Jocelyn Davies: It might be easy to quote £15 million on prescription charge evasion, but what sort of figure are you talking about for the rest of this fraud? It must be many times that.

[79] Jocelyn Davies: Efallai ei bod yn hawdd dyfynnu £15 miliwn ar osgoi taliadau presgripsiwn, ond pa fath o ffigur yr ydych yn sôn amdano ar gyfer gweddill y twyll hwn. Rhaid ei fod yn llawer gwaith y ffigur hynny.

Mrs Lloyd: I cannot put a figure on that, but I will be willing to find out what it has been estimated to be in Wales. We have fraud hotlines now as well, because we have found in the past that sometimes, with everything, it was a bit difficult to shop people. However, they have been successfully introduced.

Mrs Lloyd: Ni allaf roi ffigur am hynny, ond byddaf yn fodlon darganfod beth yw'r amcangyfrif ohono yng Nghymru. Mae gennym linellau ffôn twyll yn awr hefyd, oherwydd cawsom yn y gorffennol ei bod weithiau, rhwng popeth, braidd yn anodd prepian ar bobl. Fodd bynnag, fe'u cyflwynwyd yn llwyddiannus.

[80] Alison Halford: So, just to confirm, you have set up your Central Fraud Operational Services Wales team, have you?

[80] Alison Halford: Felly, dim ond i gadarnhau, yr ydych wedi sefydlu'ch tîm Gwasanaethau Gweithredol Twyll Canolog i Gymru, a ydych?

Mrs Lloyd: Yes.

Mrs Lloyd: Do.

[81] Alison Halford: That team is being skilled up and all the rest of it, is it?

[81] Alison Halford: Mae'r tîm hwnnw yn cael gwella ei fedrau a phob dim arall, a ydyw?

Mrs Lloyd: The team is being trained now to come into operation next summer.

Mrs Lloyd: Hyfforddir y tîm yn awr i ddechrau dod yn weithredol yr haf nesaf.

[82] Alison Halford: So it has not actually quite swung into operation yet?

[82] Alison Halford: Felly nid yw wedi dechrau gweithredu'n hollol eto?

Mrs Lloyd: No, but at least we have it.

Mrs Lloyd: Nac ydyw, ond mae gennym o leiaf.

[83] Alison Halford: Right. You said in your opening remarks, and again I quote, that it is 'difficult to be stern about cash management'. Therefore, you will surely always have problems in coping with fraud, particularly in relation to the £4 million agency fraud to which you referred, where this fellow did it little and often—he added a few hours and upped the hours and expenses. It states in the report that he relied upon hospital accounts departments to be too stretched to realise that they were being defrauded. Are you able to get to grips with that particular aspect?

[83] Alison Halford: Iawn. Dywedasoch yn eich sylwadau agoriadol, ac unwaith eto yr wyf yn dyfynnu, ei bod 'yn anodd bod yn llym ynghylch rheolaeth ar arian'. Felly, byddwch yn sicr o gael problemau bob amser wrth ymdopi â thwyll, yn enwedig mewn perthynas â'r £4 miliwn o dwyll gan asiantaethau y cyfeiriasoch ato, lle'r oedd y creadur hwn wedi ei wneud yn aml a fesul dipyn—ychwanegai ychydig o oriau a chodai'r oriau a'r treuliau. Noda yn yr adroddiad ei fod yn dibynnu ar y ffaith bod adrannau cyfrifon yr ysbytai wedi eu hymestyn gormod i sylweddoli eu bod yn cael eu twyllo. A ydych yn gallu mynd i'r afael â'r agwedd arbennig honno?

Mrs Lloyd: Well, I think really that it is not the hospital accounts departments that should take the responsibility for things like locums and their coming in and how many hours they work. That really has to be the responsibility of the people who are actually employing the agency staff—the ward sisters who will have agency staff in and who should sign off the timesheets accurately. We must place more emphasis on that. I know that training has been going on to ensure that this can be achieved at the front line, so that there are additional checks within the system and it is not just left to NHS accountants to sign matters off because they are hard-pressed. The checking has to happen at the level of whoever acquired the people in the first place.

Mrs Lloyd: Wel, ni chredaf mai adrannau cyfrifon ysbytai a ddylai ysgwyddo'r cyfrifoldeb am bethau fel dirprwy feddygon a phryd y deuant i mewn a faint o oriau a weithiant. Rhaid i hynny fod yn gyfrifoldeb i'r rhai sydd yn cyflogi staff yr asiantaeth—y prif nyrsys yn y wardiau sydd yn dod â staff asiantaeth i mewn ac a ddylai gwblhau'r taflenni amser yn gywir. Rhaid inni roi mwy o bwyslais ar hynny. Gwn fod hyfforddiant wedi digwydd i sicrhau y gellir cyflawni hyn yn y rheng flaen, fel bod gwiriadau ychwanegol oddi mewn i'r system ac y gwneir mwy na dim ond gadael i gyfrifwyr yr NHS lofnodi pethau'n derfynol am eu bod o dan bwysau mawr. Rhaid i'r gwirio ddigwydd ar lefel pwy bynnag a gafodd y bobl yn y lle cyntaf.

[84] Alison Halford: Therefore, as Director, where does the buck stop?

[84] Alison Halford: Felly, fel Cyfarwyddwr, ym mhle y mae'r cyfrifoldeb?

Mrs Lloyd: The buck always stops with me.

Mrs Lloyd: Mae'r cyfrifoldeb gennyf fi bob amser.

[85] Janet Davies: Thank you very much for all of your full and helpful answers in this session. We will come back after a brief break to have a session on the

[85] Janet Davies: Diolch yn fawr am eich holl atebion llawn a chymwynasgar yn y sesiwn hwn. Deuwn yn ôl ar ôl egwyl fyr i gael sesiwn ar addysg a

education and training of health professionals. Jan Williams is not returning to the second session. A draft transcript will be sent to the witnesses so that you can check its factual accuracy before it is published as part of the minutes. When the Committee publishes its report, the transcript will be included as an annex to the report.

hyfforddiant gweithwyr iechyd proffesiynol. Ni fydd Jan Williams yn dychwelyd i'r ail sesiwn. Anfonir trawsgrifiad drafft at y tystion fel y gallwch wirio ei gywirdeb ffeithiol cyn ei gyhoeddi fel rhan o'r cofnodion. Pan fydd y Pwyllgor yn cyhoeddi ei adroddiad, cynhwysir y trawsgrifiad fel atodiad i'r adroddiad.

Daeth y sesiwn cymryd tystiolaeth i ben am 3.40 p.m.
The evidence-taking session ended at 3.40 p.m.
(1) Hoffai'r tystion ei gwneud yn glir bod arian a gaiff ei gario ymlaen yn amodol i gymeradwyaeth y Gweinidog dros Gyllid, Llywodraeth Leol a Chymunedau.

The witnesses would like to clarify that carry forward is subject to the approval of the MinisterforFinance,LocalGovernmentandCommunities.

ANNEX B

THE AUDIT COMMITTEE

The National Assembly's Audit Committee ensures that proper and thorough scrutiny is given to the Assembly's expenditure. In broad terms, its role is to examine the reports on the accounts of the Assembly and other public bodies prepared by the Auditor General for Wales; and to consider reports by the Auditor General for Wales on examinations into the economy, efficiency and effectiveness with which the Assembly has used its resources in discharging its functions. The responsibilities of the Audit Committee are set out in detail in Standing Order 12.

Current Membership of the Committee as of publication is:

Chair: Janet Davies (Plaid Cymru)
Alun Cairns (Conservative)
Jocelyn Davies (Plaid Cymru)
Alison Halford (Labour)
Ann Jones (Labour)(replaced by Val Lloyd - 27th November 2001)
Peter Law (Labour)(replaced by Janice Gregory - 27th November 2001)
Lynne Neagle (Labour)
Dafydd Wigley (Plaid Cymru)
Kirsty Williams (Liberal Democrat)

If you wish to contact the Committee you can do so by e mailing it at audit.comm@wales.gsi.gov.uk or by writing or phoning the Committee Clerk at the National Assembly for Wales, Cardiff Bay, Cardiff, CF99 1NA. The phone number is (029) 20 898155.